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Bessmertnykh on Reykjavik Summit, New Concepts

52001034 Moscow VESTNIK INOSTRANNYKH DEL SSR in Russian No 5, 10 Oct 87 pp 10-11, 13-14

[Article by A.A. Bessmertnykh, deputy USSR minister of foreign relations: "The Reykjavik Meeting and the Diplomacy of New Thinking"; Gorbachev quote is VESTNIK INOSTRANNYKH DEL SSR introduction]

[Text] *Reykjavik was truly a turning point in world history and demonstrated the possibility of improving world conditions. A different situation was created and after Reykjavik no one could act as if nothing had happened. And for us it was an event that confirmed the correctness of the course that we have chosen and the constructive nature of the new political thinking.*

From the speech of M.S. Gorbachev in Murmansk on 1 October 1987.

A year ago, more precisely on 19 September 1986, in the course of a meeting with President Reagan in Washington, USSR Minister of Foreign Relations E.A. Shevardnadze gave him a personal message from General Secretary of the CPSU Central Committee M.S. Gorbachev, which set the stage for the events that were destined to go down in the history of diplomacy as an occurrence of special importance. In his message, the Soviet leader, stating the fundamental approaches of the USSR to the vital problems of the present day, proposed to the president that they put off all their work for a day or two and hold a meeting in Iceland for the purpose of giving great momentum to negotiations on nuclear disarmament.

The Soviet-American summit meeting had become a matter of urgent necessity: the negotiations on nuclear and space arms in Geneva were just marking time and in essence had reached a dead end. The arms race was continuing. It had become obvious that the matter had reached a point beyond which a new spiral in this race was inevitable with the predictable consequences, both political and military. Such a course of events had to be turned around completely.

After a few days of hesitation, the American President accepted the proposal of the general secretary of the CPSU Central Committee. At the same moment on 30 September, E.A. Shevardnadze in New York and G. Shultz in Washington announced that the Soviet-American summit meeting would be held on the 11th and 12th of October 1986 in Reykjavik. This news immediately flew around the entire world—an important and extraordinary event was about to take place. With it were linked the hopes for a serious improvement in the international situation and for qualitative progress in the matter of achieving practical agreements on disarmament.

While observers in different countries competed with each other in the next 10 days in formulating forecasts on the possible outcome of the negotiations, intensive preparations for the upcoming talks continued in Moscow. M.S. Gorbachev would later say this about them: "...On the eve of the meeting, even before we received word of President Reagan's consent to the meeting, we in the Soviet leadership did much preparatory work. Participating in it, besides the Politburo and Central Committee Secretariat, were the ministers of foreign affairs and defense, other departments, representatives of science, military experts, and specialists in different branches of industry. The positions that we worked out for the meeting in Reykjavik were the result of extensive and repeated discussions with our friends, with the leadership of the countries of the socialist community. We sought to saturate the meeting with fundamental content and far-reaching proposals" (*Pravda*, 15 October 1986).

At the White House—but this, of course, is still a supposition based on the analysis of the subsequent behavior of the American side in Reykjavik—they reexamined their previous positions. By all appearances, they paid most of their attention to polishing their arguments in defense of these positions.

On Saturday and Sunday, when the negotiations took place, M.S. Gorbachev proposed to the President a package of measures that, if accepted, would mark the beginning of a new epoch in the life of humanity—a nuclear-free epoch. The Soviet proposals were formulated specifically, logically and understandably. They simplified and therefore facilitated the reaching of general agreements that could subsequently be transformed into juridically binding agreements within a rather short time.

In striving to ensure a decisive breakthrough, the Soviet Union sought mutually acceptable compromise solutions. Thus, for example, by introducing the proposal on medium-range missiles, we agreed to put aside the nuclear potentials of England and France and, in the area of strategic offensive arms, we took a step toward the American position so as to remove the concern of the United States about our heavy intercontinental ballistic missiles. The interests of our partner were also considered in the proposal on the problem of limiting and stopping nuclear tests. The Soviet Union came out in favor of the strictest verification of the observance of the proposed disarmament measures. We also proposed a strengthening of the ABM Treaty through the equal obligation of both sides over the course of 10 years not to utilize their right to withdraw from this treaty and to observe all of its requirements strictly, limiting research and testing to the scope of the laboratory.

The Hevdi residence, where the meeting took place, had probably never witnessed such intensive negotiations. They were held directly by leaders of the USSR and United States with the participation of the foreign ministers, who held additional discussions during the breaks,

striving to loosen the tight knots in individual problems so as to facilitate the course of the discussions between M.S. Gorbachev and R. Reagan. The protocol was put aside. Laborious diplomatic work was done. When agreements in principle were reached in a number of questions, two groups of experts (Footnote *) were entrusted with working out the details and these groups worked separately throughout the night of the 11th to the 12th of October.

Late in the evening after each round of negotiations, in the messroom of the motor vessel "Georg Ots," where the Soviet delegation was staying, M.S. Gorbachev held conferences with the official persons who traveled with the general secretary to participate in the meeting: E.A. Shevardnadze, A.N. Yakovlev, A.F. Dobrynin, A.S. Chernyayev and S.F. Akhromeyev. He put forward new ideas and considerations, subjected the positions of the Americans to a rapid and precise analysis, and set up the tactics for the subsequent talks. In so doing, the general secretary asked for and listened attentively to the opinions of the other participants in the conference.

In the end, the sides were able to achieve the following agreements in principle.

It was agreed that in the first 5 years of a 10-year period, strategic offensive arms (intercontinental ballistic missiles, submarine-launched ballistic missiles and heavy bombers) will be reduced by half. The remaining strategic offensive arms would be eliminated in the second 5-year period. There was a general conversation on the possibility of eliminating all the nuclear arms of the sides within the course of a 10-year period.

Immediately after Reykjavik, the U.S. administration sought to depict the matter as if in the course of the meeting the American side had agreed to eliminate only ballistic missiles in the second 5-year period and not the entire triad of strategic offensive arms. Later one noted a further departure of the United States from the agreement that was reached—for example, they began to raise the time of the 50-percent reduction of strategic offensive arms to 7 years; attempts were made to turn this reduction structurally into the maximum advantage of the United States and disadvantage of the USSR. The Soviet side, in turn, firmly favored and favors having the general agreement reached in this question in Reykjavik remain the basis of negotiations on strategic offensive arms.

A second element was the agreement on medium-range missiles according to the following formula: "zero" such missiles on both sides in Europe, freezing of the number of operational-tactical missiles there and the start of negotiations on them, plus the reduction to 100 warheads on Soviet medium-range missiles in the Asian part of the USSR with the United States having the right to the same number of warheads on such missiles in its own territory.

After Reykjavik, the American side sought to distort this agreement as well, trying to present the matter as though the USSR must agree to allow the United States to increase its number of operational-tactical missiles [up to the Soviet level] as well as to the "right" of the United States to deploy its own 100 warheads on medium-range missiles in Alaska, that is, within the reach of the territory of the USSR.

As for nuclear tests, we proposed the start of full-scale negotiations for the achievement of an agreement on their complete cessation, in the course of which was also contemplated the discussion of interim solutions—the limitation of the power and number of nuclear explosions and the fate of the unratified agreements of 1974 and 1976 limiting the power of nuclear tests and nuclear explosions for peaceful purposes. The sides were close to agreement on this question when the negotiations were interrupted because of the American position on space.

An important mutual understanding was originally established in this area to the effect that in the course of 10 years the sides will not utilize their right to withdraw from the ABM Treaty. But a serious and fundamental barrier arose here. The United States sought at all costs to get the USSR to agree to eliminate the ABM Treaty after a period of 10 years (And after Reykjavik they had already reduced this period to 7 years.), in the course of which the United States would be preparing to deploy a system of space arms.

The Soviet Union could not take this course. Agreement to such a formula would mean that, along with the mutual process of reducing and eliminating nuclear arms, one side would be carrying out a program of unlimited tests of space arms and would receive in advance the consent of the other side to cross out the ABM Treaty and to deploy these arms. In this way, the "Star Wars" mania frustrated at the last moment the conclusion of agreements on an arms reduction of a unique scale. A historical opportunity to do this as early as the fall of 1986 had been lost.

Now, a year later, the meaning of what took place in Reykjavik and the lessons drawn from this event are especially obvious. Today no one can any longer deny that the Soviet-American meeting in the Icelandic capital was an important step in a complex and difficult dialogue aimed at the search for difficult solutions in the area of the specific limitation and reduction of nuclear arms. All of this is a tremendous experience and a tremendous gain not only for the further development of negotiations between the USSR and the United States but also for the world as a whole.

The course of the negotiations in Reykjavik showed, on the one hand, that the time for action has come, that the world needs real progress and disarmament; and, on the other hand, that the United States and the American leadership were not then prepared to resolve fundamental questions in a big way.

The negotiations in Reykjavik also showed the entire world that the quintessence of the old approach demonstrated by the Americans was the "Star Wars" program, in which militaristic intentions and the unwillingness to remove the nuclear threat hanging over humanity are expressed in a concentrated way. In short, Reykjavik, having illuminated the difficulties on the way to a nuclear-free world, simultaneously revealed new prospects and marked the course of the movement in this direction.

To justify the apparent unwillingness of the United States to make radical decisions on nuclear disarmament, the propaganda in Washington will later introduce the version that President Reagan supposedly was "surprised" by the Soviet leader and was not prepared for such an intensive conversation. Everything was different in reality. In the mentioned letter to R. Reagan, M.S. Gorbachev specifically advised him of the questions that he proposed to discuss and of the direction in which, in the opinion of Moscow, a solution ought to be sought. In addition, the American President was accompanied in Reykjavik by practically all of the leading figures in the U.S. Government participating in the development of Washington's positions in the area of arms limitation. Reagan consulted with them constantly. The discussions were interrupted for this purpose.

It was apparent that Reagan, even if he himself wanted to make progress on the way to an agreement, was not free to do this, was not receiving any support. Also indicative here is the fact that literally within a few days after returning from Iceland the President of the United States was forced to renounce the consent that he had given and that we had settled on to eliminate everything, not just some individual strategic offensive arms, within 10 years in two stages.

Subsequent events will also reveal the effect of Reykjavik as a turning point in the matter of the conceptual substantiation and practical resolution of the basic problem of the present day—the elimination of nuclear arms. This historic event was a kind of culmination of the many years of efforts by the USSR, which has favored the resolution of the problem of nuclear superarmament, initially through reductions of the nuclear might of the USSR and United States.

The road to Reykjavik began with the meeting in Geneva, when the Soviet and American leaders declared that nuclear war must never be unleashed, that there can be no victors in it, and that neither of the sides will strive for military superiority. The Soviet leadership worked out and implemented a series of important measures aimed at realizing these agreed-upon principles.

On 15 January 1986, General Secretary of the CPSU Central Committee M.S. Gorbachev presented the Soviet program for the elimination of nuclear arms by the year 2000. In the summer of that same year, the Warsaw Pact states came out with a major initiative on

a radical reduction of conventional arms and armed forces in Europe, from the Atlantic to the Urals. The Soviet Union took a number of constructive steps that helped to advance the Stockholm conference on confidence-building measures and that breathed new life into the elaboration of an international convention on the banning of chemical weapons. The 27th CPSU Congress paid much attention to questions in the development of the innovative foreign-policy course of the USSR in the new and critical stage of international relations. This congress formulated the bases of a comprehensive system of security and stressed that the restructuring of international relations toward peace requires a new thinking and the renunciation of the dogmas of confrontation and the politics of force. And the repeated extension of the Soviet moratorium on nuclear tests was a specific manifestation of the willingness of the USSR to establish its own policies on the basis of the principles agreed on in Geneva.

The intellectual breakthrough in Iceland personified the realization—at least by the Soviet side—of the fact that the raising of the level of nuclear confrontation not only does not lead to a strengthening of military-strategic stability but at a certain level even of strictly balanced parity weakens this stability and makes it precarious.

To come to this key conclusion, it was necessary to take stock analytically of the established approaches and usual views of peace and security. In other words, it was necessary to apply a new thinking to this extremely important area as well. At least two fundamentally important conclusions flow from the sorting out of old dogmas and stereotypes.

First: the world in all of its diversity is one from the point of view of the highest interests for the survival of humanity. The task of preventing nuclear war is raised in its absolute importance over other interests—class, bloc and national interests.

Second: the security of any state will be more stable if that state stops striving to diminish the security of the opposing side. In other words, if one takes the Soviet-American corner, the USSR is not interested in the United States having a lower level of security, for this would give impetus to a risky arms race and would lead to dangerous instability.

Unfortunately, however, many people in the West perceive such decisive progress in the profound comprehension of the contemporary situation as heresy out of line with the traditional rules of thought that became axiomatic not because of their internal logic but only because people servilely bowed down to them for so long. Clearly, the fact that upheavals in physics and military technology are outstripping those in political thinking also plays a role here.

If one synthesizes the practical effect of Reykjavik, then it consists in the fact that despite all the persisting differences in the positions of the USSR and United States, negotiations on strategic and offensive arms, medium-range missiles and the strengthening of the working of the ABM Treaty are being held on the basis of the agreements and understandings reached at the meeting of the Soviet and American leaders in the Icelandic capital. The USSR is not retreating from the parameters discussed there and is prepared to cover its part of the way to the realization of that which was talked about in Reykjavik.

In evaluating the meeting in the Icelandic capital, M.S. Gorbachev said, in particular: "I am convinced that we have not yet realized the importance of what took place. But we certainly will understand—if not today, then tomorrow—the full meaning of Reykjavik and we will give what is due to what was achieved and acquired as well as to the missed opportunities and losses.

"With all of the dramatics, both of the course of the negotiations as well as of their results, the meeting in Reykjavik, perhaps for the first time in many decades, advanced us a long way in the search for ways to nuclear disarmament" (*Pravda*, 23 October 1986).

In reviewing the distance covered after Reykjavik and the achievements in the strengthening of international security over the last year, you are once again convinced of the profound correctness of this assessment.

The negotiations held between E.A. Shevardnadze and U.S. Secretary of State G. Shultz and President Reagan in Washington the 15th through the 17th of September are practical evidence of this. The agreement in principle reached there on the elimination of two classes of nuclear missiles—medium and shorter range, that is, in the range from 500 to 5,500 km—is a major step toward a nuclear-free world. Such a step would hardly have been possible without the Soviet-American summit meetings in 1985 and 1986 providing for a strong tendency in this direction.

The delegations of the USSR and United States are working intensively on the legal formulations of the future treaty, the text of which is supposed to be ready by the time of the next meeting of ministers the 22nd and 23rd of October. In the course of the Moscow meeting, they will also examine the possibility of working out in the near future a treaty on a 50-percent reduction of strategic offensive arms under the conditions of the strict observance of the ABM Treaty. The sides agreed that this line will remain the focus of attention at the Geneva negotiations.

Considerable progress was also made in the question of the beginning of full-scale negotiations between the USSR and United States on the limitation and ultimately on the complete stopping of nuclear tests. Such negotiations are supposed to begin by 1 December 1987.

Thus, the first real prospects in history for the achievement of specific reductions of nuclear arms are a logical step in the process that received a strong impetus in the Icelandic capital in the fall of last year. In characterizing the fundamental agreement on medium and shorter-range missiles, E.A. Shevardnadze especially emphasized: "I believe that the agreements reached reflect precisely the spirit of Geneva and Reykjavik."

The tremendous potential of Reykjavik, which began to be realized in the agreements already reached and in those to come, is now seen even more clearly.

Footnote

* Group on questions in arms limitation: the Soviet part: S.F. Akhromeyev (leader), G.A. Arbatov, Ye. P. Velikhov, V.P. Karpov, R.Z. Sagdeyev, V.M. Falin; the American part: P. Nitze (leader), E. Rauni, R. Pearl, K. Edelman, M. Kampelman, R. Linhardt.

Group on regional, bilateral and humanitarian questions: the Soviet part: A.A. Bessmertnykh (leader), Ye.P. Primakov, Yu.V. Dubinin, N.V. Shishlin, V.A. Mikolchak; the American part: R. Ridgeway (leader), G. Matlock, A. Hartman, T. Simons, M. Perris.

**'AZIYA I AFRIKA SEGODNYA' Department
Chief Interviewed**

18070018 Baku BAKINSKIY RABOCHIY in Russian 6
Oct 87 p 2

[Azerinform correspondent interview with Anatoliy Osipovich Mirov, department chief of journal AZIYA I AFRIKA SEGODNYA in Baku, date not given]

[Text] In July of this year the journal AZIYA I AFRIKA SEGODNYA marked its 30th anniversary. Published by the Soviet Committee for Solidarity with the Countries of Asia and Africa and the Institute of Oriental Studies and the Africa Institute of the USSR Academy of Sciences, the journal has its own unique image and its own readership. It is making a notable contribution in strengthening peace between peoples, as 1984 award of the [Avitsen] prize to the journal shows and it enjoys great popularity among its readers. The readership circle of the journal is sufficiently broad that it is published in six languages—Russian, English, French, Portuguese, Dari and Arabic—and is disseminated in more than 100 countries. An Azerinform correspondent asked chief of the department of Asian countries, Anatoliy Osipovich Mirov, currently in Baku, to tell us in more detail about the journal AZIYA I AFRIKA SEGODNYA.

During the 30 years of existence the journal has changed more than once. At first it came out more from a popularizing position. And this is understandable. At the end of the 1950's the countries of the Afro-Asian continent were breaking the fetters of colonialism one after another and many of them were essentially unknown to the Soviet people. So the just-created journal took upon itself the role of special guide, acquainting our readers with the life in these countries, their history, traditions and morals.

But time passes and, trying not to be left behind and constantly keeping our hand on the pulse of international life, the journal also changed. We are not trying, of course, to compete with weekly publications such as NOVOYE VREMYA. We simply cannot keep with them in timeliness. But the publication of our journal has acquired a great scientific depth and an analytic quality, without losing at the same time its clarity and popular character.

The journal sees its main tasks as showing the national—liberation movement in the countries of the Afro-Asian continent and the cooperation of the Soviet Union with the developing countries, and in unmasking imperialism and neocolonialism, apartheid and Zionism. Among its authors are famous scholars, studying the problems of Asia and Africa, and well-known foreign figures. The journal is divided into two parts. The first includes serious political and scientific articles, representing, let's say, the sections "Problems and Judgements", "Our Tribunal" and so forth. In the second part is material

designed for the broad readership. Here are the rubrics "Travels, Meetings, Impressions", "Discoveries, Searches, Finds", "Traditions, Customs, Morals" and so on.

The journal is unfailingly oriented toward the readers' interests. For example, taking into consideration the needs of the readers, last year and this year we published articles about China, Iran and the Iran-Iraq conflict, Palestine and India. In fact, the Indian theme is represented particularly broadly by us.

Perestroika, which is going on all spheres of our life, and particularly in the press, could not but affect our journal. We developed a program so that it would become more interesting, more scientific and at the same time more popular. For this, we organize meetings with readers and we devote a great deal of attention to letters. In fact, we receive many letters from Azerbaijan. We conduct oral presentations of the journal. And finally, we are getting rid of stereotypes and a lack of attention to problems.

[Azerinform correspondent] How popular is the journal overseas?

Foreign publication of the journal began several years ago. As opposed to the Russian issue, they come out every two months. An issue is formed from every two issues of the Russian publication. The best material, if possible, is taken. There is one other distinction of the foreign publication: "The Soviet Union: Realities of Socialism", in which we talk about the experience of socialist construction in the republics of Central Asia and the Caucasus. And, of course, this rubric attracts a great deal of attention among foreign readers, as we can judge from the letters we receive. The experience of Azerbaijan receives a wide response, particularly in the sphere of national relations and the cultivation in people of an internationalist consciousness.

We have problems, of course, connected first of all with the timeliness of the journal. The technological process of putting out the Russian publication, for example, takes three months. It is even more regarding the foreign publication. We cannot but be upset by the fact that many similar foreign publications are more timely and are better designed.

[Azerinform correspondent] Anatoliy Osipovich, what will the readers enjoy next year?

Now we are introducing new rubrics. The center of our attention, as before, will remain the Afro-Asian solidarity movement, and we have a new rubric, "The Motto-Solidarity". The problem of security in the Asian-Pacific region will be talked about in the pages of the journal. We will make our contribution in propagandizing the proposals of M.S. Gorbachev's speech in Vladivostok, the Delhi declaration and the peaceful initiatives of the Soviet state. At the same time we will support the initiatives of our friends, for example, the peaceful initiatives of the countries of Indochina, especially of

Kampuchea and the policy of national reconciliation announced by the government of Afghanistan. As before, articles will be published on the problems of the new economic order, the ecology and, assuredly, country study articles including those on China, India and Japan. At the same time the journal will carry rubrics designated for the broad readership, for example those such as "philately" and "Numismatics."

We are waiting for response to the presentation of our journal from Azerbaijan's readers. We will be grateful to scholars and specialist who with their pen will help us to make the journal AZIYA I AFRIKA SEGODNYA more typical, interesting and responsive to problems.

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**Work Of Moscow International Trade Center
Detailed**

18250009 Moscow *EKONOMICHESKAYA GAZETA* in
Russian No 39, Sep 87 p 21

[Interview with Fedor Kirillovich Kryuchko, general director of All-Union Sovintsentr Association operating in Moscow International Trade Center facility, by *EKONOMICHESKAYA GAZETA* correspondent; date and place not specified; first paragraph is *EKONOMICHESKAYA GAZETA* introduction]

[Text] The USSR Chamber of Commerce and Industry Moscow International Trade Center (TsMT) is broadening the directions of its work in accordance with tasks of radically improving the country's foreign economic activity. Fedor Kirillovich Kryuchko, general director of the All-Union Sovintsentr Association operating in the International Trade Center facility, tells the weekly's correspondent about this.

[Kryuchko] Like other international trade centers, of which there are some 130 in the world today, the Moscow Center was established to provide various services to foreign business world representatives, from easing their task of seeking out partners in our country and holding talks and symposia to giving help in the preparation and signing of contracts. Services for business people include a comfortable hotel and an office building outfitted with contemporary office facilities, devices, and equipment and accommodating accredited representatives of almost a hundred foreign firms and banks. We have a congress hall holding 2,000 and a movie and concert hall holding 500. We are a commercial organization and attempt to work with high profitability.

The Moscow International Trade Center has become popular among business people of many world countries. Today we can no longer satisfy a considerable number of the requests from foreign clients for the center's services. A decision was made not long ago to build a second section.

In recent months our center has aimed considerable efforts at performing a new kind of work for us—giving services to Soviet organizations, production enterprises and associations which have received the right of independent foreign economic activity. Because of this our clients potentially have increased by almost another hundred firms, these being our Soviet firms established under more than 20 ministries and departments and at 70 major industrial enterprises.

It is common knowledge that each of these firms carries out independent export-import operations, but our center also can give them considerable help, especially in the period of development of their work directly with firms from capitalist and developing countries.

It was for this reason that the All-Union Sovintsentr Association recently formed a scientific-technical department especially for relations with industry. The next few months will show how these relations will be implemented in practice, what specific functions the association will assume, and on what terms it will cooperate with clients, but some directions of cooperation can be mentioned today.

For example, the Moscow International Trade Center is capable of thoroughly familiarizing foreign clients with the Soviet partner's export capabilities on the one hand and collecting and accumulating information on the foreign product list of machines, equipment and technology of interest to our firms and enterprises on the other hand. We can also help enterprises in locating and working with foreign partners, including setting up advertising, arranging meetings and talks, and going over terms for delivery of enterprise products for export.

In undertaking to offer these and other services, the All-Union Sovintsentr Association in each individual instance can clarify a client's requests and perform additional work on them.

Now when sectors and enterprises are just shifting to a new basis of foreign economic activity, the International Trade Center's work for their presentation, i.e., for general familiarization with foreign clients and the business press, has been the most acceptable for them.

There already has been a presentation of such major manufacturers of domestic equipment for export as the Sverdlovsk Uralmash Production Association, the Moscow Elektrozavod Production Association imeni V. Kuybyshev, the Saransk Svetotekhnika Production Association and others. At the same time there was a presentation of the cost-accounting foreign trade organizations Tyazhmash, Sovelektro and Khimmash Eksport established under the USSR Ministry of Heavy, Power and Transport Machinebuilding, USSR Ministry of the Electrical Equipment Industry and USSR Ministry of Chemical and Petroleum Machinebuilding respectively.

Presentations of several more enterprises, associations and new foreign trade firms under sectorial ministries will be arranged before the end of the year. In particular, the Izhorskiy zavod Production Association and Pervyy Moskovskiy chasovoy zavod Production Association are preparing to meet with business people, advertising agencies and the business press in the International Trade Center.

Sovintsentr is expanding the work of developing interworking of Soviet partners with foreign colleagues directly in the S&T field as well. The full name of our association "Center for International Trade and S&T Relations with Foreign Countries" also obligates us to do this.

It stands to reason that the center itself does not handle questions of developing such relations on its own. Our task is to assist Soviet and foreign organizations, enterprises and firms in preparing and carrying out various measures of an S&T nature by taking advantage of broad capabilities of all the center's subunits and services. We also performed such work before in general; now there must be a substantial activation and increase in its effectiveness.

The fact is that for now we are only fulfilling requests by Soviet and foreign firms and organizations for carrying out particular measures without delving very much into their subject matter and urgency. Moreover, feedback has not yet been adjusted: we do not have any information on the effectiveness of measures taken and we do

not know what there was of benefit that Soviet participants learned for themselves from them. Now the task is to influence the subject matter of measures being planned and choose those which correspond to priority directions of S&T progress. It stands to reason that this work is being adjusted in close cooperation with the USSR AN [Academy of Sciences], GKNT [State Committee for Science and Technology], and sectorial ministries and departments.

There still are many unresolved issues in Sovintsentr's work with cost-accounting foreign trade organizations and firms, production enterprises and associations, but they must not delay development of mutually advantageous business contacts of different sectors and components of the national economy with the world market.

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**U. S. Treaties Compared to Germany-Japan
'Anti-Comintern' Pact**

18070048 Moscow KRASNAYA ZVEZDA in Russian
24 Nov 87 p 3

[Article by A. Golts under the rubric "History: Facts and Reflections": "Under the Screen of an Old Myth"; first paragraph is editorial introduction]

[Text] On 25 November 1936, militarist Japan and fascist Germany concluded an agreement which received the name "the Anti-Comintern Pact." Italy also joined it after a year. This pact became a conspicuous step by the aggressive imperialist states toward unleashing World War II.

After holding talks for nearly a year and a half, Japan and Germany signed a document which affirmed that the main threat to world security was coming from the Communist International, which was accused of "subversive activity" and "conducting a policy of coercion against existing states." The published text of the pact stated that its participants would only "exchange information on the Comintern's activity." The aggressive objectives were clearly set forth in the secret agreement (its content became known only after the victory over German fascism and Japanese militarism).

The "Anti-Comintern Pact" was aimed pointedly against the Soviet Union. As early as the summer of 1936, when the talks were in full swing, the Japanese cabinet drafted a special declaration. It openly stated: "Japan should seek to destroy the Russian threat in the North." In the process, the Japanese militarists wanted to ensure that military and political conditions were established for them to "deliver a blow to the Russians at the very beginning of the war." After 10 years, the Tokyo tribunal trying those who were directly involved in drawing up both the declaration and the "Anti-Comintern Pact" stated that these documents point directly to Japan's intention to attack the Soviet Union for the purpose of seizing its territory.

Conclusion of the "Anti-Comintern Pact" stirred up the militarists' pre-ensions. In less than a year Japan began wide-scale aggression against China and organized provocations at Khasan and Khalkhin-Gol. And the Hitlerites were seizing Austria and Czechoslovakia at that time.

There are hardly any serious persons today who would deny that all the fuss about the "communist threat" was needed by Germany and Japan only as a cover, a smokescreen. "Although outwardly the pact was concluded for defense against communism, it is a planned step for forcible expansion by the plundering states," U. S. Secretary of State Cordell Hull noted at one time.

But this is what is significant. The myth of "the communist threat" which served as a screen for the aggressive aims of fascist Germany and militarist Japan is being

used as before by the West for its unseemly activities. Washington made use of precisely this fairy tale by forming aggressive military blocs all over the world: NATO, SEATO, CENTO, ANZUS and others. The Pentagon strategists resorted to this lie by turning sovereign states into their nuclear springboards. The "dirty wars" in Korea and Indochina were conducted under this same pretext...

And there is no lack of talk today about the "Soviets' aggressiveness." They clutch at this fiction in the West every time they must justify their "undeclared wars" against the peoples of developing countries and their own categorical unwillingness to do away with military alliances.

There are no grounds for putting the United States and other Western countries on the same level with the states that signed the "Anti-Comintern Pact," of course. We wonder, however, can the objectives achieved with the aid of methods formerly used by our enemies be noble ones?

Recent cases again indicate that actions carried out under the pretext of the "Soviet military threat" are having an extremely harmful effect on the international situation. Now today NATO intends to "compensate" for the possible elimination of intermediate-range missiles and operational tactical missiles by placing new nuclear missile weapons in Europe. In the Asia-Pacific region, Washington is not abandoning its attempts to form something similar to NATO, and it creates hostility among individual countries and flagrantly interferes in their internal affairs for this reason. A sort of "super-bloc" of Western countries is being set up in the course of work on the American militarists' most ambitious program—the "Star Wars" program, which when realized will increase the threat of world conflict many times over. And all these aggressive plans are also being masked by tales about "the Soviet threat."

The fact that the FRG and Japan are playing one of the main roles in these plans is also significant. And both countries are the most important American allies. And both countries are participating most actively in carrying out the United States' military bloc strategy, nurturing their far-reaching plans. And it is no secret that some persons in Tokyo and Bonn yearn for the past. For example, if it is not because of nostalgia, how else does one explain the decision adopted in 1984 to renovate the building of the former Japanese embassy in Hitler's Germany and turn it into "an information center to facilitate exchange in the cultural, economic, and other fields" between Japan and the FRG. Those who pushed this idea through were prepared to proceed in direct violation of the four-power agreement on West Berlin. Apparently, the ruins of the building where the "Anti-Comintern Pact" was prepared are very valuable to someone.

Response to Reader's Query About CIA
18970037 Moscow *AGITATOR* in Russian No 21,
Nov 87 pp 48-49

[Article by L. Korzun, Reserve Major-General, candidate in military sciences: "The Espionage Agency of the United States"; first paragraph is *Agitator* introduction, last two paragraphs are press commentary]

[Text] Reader L. Kulin, from Voronezh, asks us to speak about the espionage activity of the United States Central Intelligence Agency.

The powers that be in the United States usually mark an anniversary in grand style. But among the anniversaries in 1987 there was one that passed without any special pomp. On 26 July of this year, the main espionage-terrorist body of the United States—the Central Intelligence Agency—was 40 years old. Obviously, at the height of the investigation by the American Congress of the "Irangate-Contra" scandal, in the course of which the veil was lifted anew from the true face of this sinister organization, it would not have been to the advantage of the United States ruling circles to draw attention to this.

Just five years ago, on 23 June 1982, when speaking at the CIA headquarters at Langley, President R. Reagan called his collaborators heroes of the "gloomy struggle in the twilight." In order to shroud the activity of his favorites in even greater "twilight", he immediately signed a law specifying a punishment of up to 10 years in prison and up to 50,000 dollars fine for divulging the names of the "heroes" of the CIA, even if the information about this had already been published. Washington tries to conceal from the public even the names of the collaborators and the very nature of CIA activity, and its true scale. As we know, however, much that is covert will in time become overt.

The activities of the United States espionage agency are felonious. R. Reagan, true, prefers to designate them more diplomatically—as "actions." But this does not change the diversionist nature of the CIA. The range of these actions is extremely broad—from organizing and waging undeclared wars against unsuitable countries and peoples and organizing and implementing state overthrows and political assassinations to ordinary espionage, fabricating propagandistic forged documents and manufacturing counterfeit money.

In his time, one of the founders and first director of the CIA, A. Dulles, felt that ordinary intelligence should constitute 10 percent of the activity of his agency, while 90 percent should be allotted to secret subversive work. By now, this ratio, all things considered, has changed to an even greater extent in favor of secret operations. According to data from the foreign press, during Reagan's presidency, the amount of them has increased by at least a factor of 5, and the largest of them alone reached a factor of 50. Former CIA associate G. Stockwell

considered that in the developing countries alone, about 3 million persons had already become sacrifices of the "secret wars" of this agency.

Large forces and funds are needed to organize and carry out such a vast complex of various felonious actions. In gaining the agreement of congress to create the CIA, A. Dulles gave assurance that some dozens of associates would be enough for it. They now number over 18,000, the yearly budget has already reached 3.2 billion dollars and it continues to grow at a precipitous rate. In July the congressional senate approved a bill on allocations for intelligence in the 1988 and 1989 fiscal years. Its content was kept secret, but the American press reported that in the current fiscal year, 25 billion dollars was set aside for all intelligence information for the United States, a leading role in which is played by the CIA.

The Irangate scandal, in which the espionage agency was strongly entangled, showed clearly the tremendous influence on American policy that it had acquired. This, however, by no means indicates, as the gigantic propaganda machine of American imperialism frequently tries to represent, that the CIA has turned into a unique "unseen government" often not even under the jurisdiction of the Washington administration. This is a lie, pursuing the end of taking away from the President of the United States the responsibility for the most odious actions of the CIA.

Or take this fact. While coming out in words in behalf of the most rapid cessation of the Iran-Iraq war, the government of the United States, with the aid of the CIA, is trying to fan the fire of this senseless war. For example, on 15 December 1986, the *Washington Post* reported that the intelligence agency had been supplying Iraq with information for two years, including that obtained from fellow spies, to strike blows against Iranian oil tanks and electric power stations. On 12 January 1987 the *New York Times* reported that the CIA supplied Iran, simultaneously, with data from world intelligence. As was made clear, both sets of information were intentionally falsified.

While "Irangate" was the most scandalous secret operation of the White House, the most serious of them, unquestionably, is the unannounced war against Afghanistan. This year alone, Washington has already spent over 630 million dollars on it. Bourgeois propaganda misinterprets the nature of this war in every way. But the truth about the brutal dushman, armed and trained by the CIA, sometimes breaks through on the pages of the bourgeois organs of the press and television. For example, the English documentary film, "The Secret Trail of the Missiles," shown on London television, tells of the supplies to the dushman, begun in the autumn of 1985, of American "Stinger" and English "Blowpipe" anti-aircraft missiles, which are delivered by air to Islamabad. There, under the direction of CIA agents, they are distributed to the most extremist groups of Afghan counter-revolutionaries. When the picture is shown of

the debris of a civilian plane shot down by the missile, with a burned pair of women's slippers in the foreground, the narrator says: "This is the way President Reagan's doctrine looks in practice. This is Reagan's biggest war."

In supplying weapons to the Nicaraguan "Contras", the CIA entered into a deal with international drug dealers and, at the same time, the United States government tried to accuse the Sandinista republic of exporting drugs.

One of the favorite felonious actions of the CIA is the assassination of prominent political, state and public figures. In the list of its sacrifices are P. Lumumba, S. Allende, E. Che Guevara, S. Bandaranaike, M. Rahman, O. Torrijos and many others. The CIA tried to kill Fidel Castro 24 times.

In countries whose governments do not suit the Washington administration, the CIA, with the aid of its agents, tries in every way to destabilize the political situation and achieve a change in the unsuitable governments. This activity is presently being carried out with particular intensity in India, Panama, Peru and the Philippines. Former CIA associate McKee reported that at present 115 regular administrative officers in the Philippines are implementing a "two-year program of suppressing the insurgent movement." It is not by chance that the attempt at a military overthrow there on 28-29 August of this year is linked to the CIA.

In the subversive activity against the USSR and other states participating in the Warsaw Pact, the main emphasis is laid on espionage and "psychological warfare." The American Special Services are attempting to use espionage technique against Soviet citizens and institutions in the United States. Super hawk R. Perle, former United States Assistant Secretary of Defense, disclosed the operations of the United States embassy in the USSR with respect to radioelectronic espionage, by which he even aroused the displeasure of the CIA.

The list of similar examples of dirty espionage work could be considerably lengthened. Hitler's intelligence service was once "celebrated" for such actions. Apparently, the modern, belated followers of the fascists are not resting on their laurels. No changes in the CIA policy of international adventures and offenses are foreseen in the future. Therefore, the Soviet people, and all those to whom peace and the safety of nations are dear, must be very vigilant.

The Press Bears Witness: They Persecute for Convictions

In 1975 a United States Senate committee held an inquiry into the abuses of the country's secret services. It follows from the committee's report: "The American

secret services operating in the United States have created a threat and have been detrimental to freedom of opinion and freedom of association, as well as to the inviolability of the home for American citizens." What has changed since then?

"In the United States, people who express disagreement with Reagan's Central American policy constantly clash with every kind of administrative oppression and persecution," writes the French journal *Monde Diplomatique*. This is done in accordance with Decree No 12333, signed by Reagan, which permits gathering information on American territory outside the framework of criminal investigation. It is permitted to carry out searches without a warrant, for only suspicion of breaking the law. A practice is made of secret infiltrations into the facilities of organizations and apartments of private citizens. "These operations," notes the journal, "are undertaken for the purpose of gathering information, as well as in order to intimidate those who have used, in their activity, the constitutional right granted to them to express their opinion and protest against a certain policy." In short, dissidence is persecuted.

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12151

Canadian Firm To Build Sports-Health Complex in Moscow

18250010 Moscow *EKONOMICHESKAYA GAZETA* (Supplement) in Russian No 42 Oct 87 p 5

[Article: "Canadian Corporation Has Joined in Implementing Projects Jointly With the USSR"]

[Excerpts] An important integral part of the expansion of business ties between Canada and the Soviet Union is active work of Canadian firms to "lay bridges" between potential consumers and suppliers of products in both countries, opening up new possibilities for cooperation and facilitating the overcoming of possible difficulties which can arise because of the great distance between the partners, the language barrier, and differences in the practice of conducting business.

At the present time, when changes in the economic mechanism and area of foreign economic relations are actively being made in the Soviet Union, interest in it on the part of business circles in the West is increasing. Therefore, it is not surprising that such a company as the (Siabeko) Group, a corporation with headquarters in Canada and having great experience in working with Soviet organizations, would actively promote the implementation of new projects and the development of new forms of cooperation, including the establishment of joint ventures.

Recently the (Siabeko) firm signed a letter of intent to construct a first class recreational zone on 70 hectares in a new rayon in Moscow—Krylatskiy. This new version of a sport-health complex can serve both Soviet citizens and about 30,000 foreigners in Moscow on short and long-term assignments. At the same time it can become a model for establishing similar centers in other places. After completion of construction it will have in operation open and indoor tennis courts, golf courses, a pool, a health center with the necessary equipment, as well as restaurants, in which patrons can try various national dishes of various countries.

"This will be one of the projects to be completed on USSR territory...and in this sense we are moving forward, opening new paths of our cooperation," stated Boris Birstein, president and chairman of the board of directors at the time of his recent interview at (Siabeko)

Group headquarters in Toronto. He added, "We hope that Soviet-Canadian trade and economic ties have a great future. For our part we are emerging as 'the catalyst' in the development of business relations between our two countries."

Besides construction of the sports complex in Moscow the company also recently signed two agreements to implement jointly with Soviet organizations projects to build factories to produce furniture and construction materials and process agricultural products. The building of a plant to produce materials and components for prefabricated homes is envisaged in a separate project. Projects of this type which combine delivery of materials and rendering of services are the basic specialization in (Siabeko) Group activity.

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Austrian Chancellor on Summit, Economic Ties with USSR

18120040 Moscow MOSCOW NEWS in English
No 49, 6 Dec 87 p 5

[Text] During a recent visit to Austria, Yegor Yakovlev, editor-in-chief of the MOSCOW NEWS, was received by Franz Vranitzky, federal chancellor of the republic. He asked the head of the Austrian Cabinet a few questions.

Question: Vienna was the venue for the signing, in June 1979, of the Treaty Between the USSR and the USA on the Limitation of Strategic Offensive Arms, SALT 2. The tendency which had caused the said document to appear (although it was never ratified, unfortunately) is about to be revived with the advent of the of the Soviet-American summit in Washington. What further steps in the same direction do you regard as feasible? What further events meant to rid the world of the military menace is Vienna prepared to host?

Answer: Let me first of assure you that we warmly welcome the progress achieved in the negotiations between General Secretary of the CPSU Central Committee Mikhail Gorbachev and U.S. President Reagan. To my mind, on 7 December, the two leaders will at long last start reaping the fruit of earlier efforts.

Some people say that the agreement due to be signed in Washington covers a negligible part of the world's nuclear potential. This is certainly true, as far as numbers are concerned. But I see the agreement as a significant practical contribution to world politics. I am pinning my hopes for further and bigger steps on the present agreement.

Here, in Vienna, within the framework of the Conference on Security and Cooperation in Europe, serious efforts are being made to resolve the problems of strengthening international security. These efforts cover the sphere of conventional arms. Austria's Federal Government renders all possible support to the conference, not only by hosting it, but also by putting forward its own proposals to enrich its content.

We consider it a great honour to continue playing host to the conference, and are prepared to do everything possible to act repeatedly as a kind host and an active participant.

Question: The Soviet-American accords are certain to influence the world situation in general. What are the Washington summit's possible implications for neutral states and their positions?

Answer: I think the agreements between Gorbachev and Reagan will influence many spheres of world politics. It is possible, in fact desirable, for non-military spheres to be involved. It is possible, and desirable, following the

Soviet-American accords, for an international atmosphere conducive to further development of understanding between East and West to be set up.

A neutral country such as Austria might find such consequences extremely welcome. Not only because this country has no nuclear weapons, pursues a policy of positive neutrality and staunchly rejects the arms race. For the sake of clarity, let me emphasize that we oppose all armed conflicts. Therefore, we see the course of events that has brought about the Washington summit as extremely positive, specifically because it has confirmed that our long-standing policy of maintaining relations with states belonging to different socio-political systems, the relations promoting productive exchange in the fields of economy, trade, culture and tourism, is right. Without lapsing into naive euphoria I must say that the Washington summit is likely not only to confirm our policy as right, but also to strengthen it.

Of course, it's just coincidence that a mere 36 to 48 hours ago, a new enterprise was completed under a "turn-key" contract between Austria and the USSR. This is tangible proof of the fact of the fact that economic ties between our countries have entered a new stage as a result of the recent visit to Austria of the Soviet Prime Minister Nikolai Ryzhkov. I hope further and more significant changes will follow and steps will be taken to set up joint venture.

The other day, one such venture was established by Voith of Austria with a Soviet enterprise. This is the result of the general rise in international economic activity, following the notable increase of the USSR's interest in business relations with Western Europe. This approach of the Soviet Union has given us a chance not to be missed.

Question: I have noticed that the world is paying a lot of attention to the current changes in the USSR. The word "perestroika" has found its way into the vocabularies of many nations and is understood without translation. What do you think about perestroika?

Answer: I have been dealing with the Soviet Union for 2 decades, so it is from experience that I can say we are following the efforts of the present Soviet leadership with close attention.

Let me use this opportunity to wish every success to the Soviet leadership and their efforts. In fact, my best wishes go to all those who face imminent reforms in their countries, however varied the situations there might be. I appreciate the large-scale educational activities carried out to persuade the people called to advance perestroika. The success of any major undertaking can be assured only if the maximum possible number of common citizens and functionaries are involved.

On a strictly personal note I would say that time must be reckoned with carefully. This is what the people who think that progress is too slow should certainly take into consideration.

From my observations you must have understood that I'm following the progress of your perestroika very closely. I think your efforts hold great promise.

Question: It is often said in the Soviet Union that perestroika is irreversible. How to you see its prospects?

Answer: You are inviting me to talk about an issue which is strictly an internal affair of your country... However, as a foreign observer and the Soviet Union's business partner. I would assume that you have not embarked on perestroika to stop halfway, but to go the whole way.

/12232

Fenno-Soviet Seminar on Effects of Perestroika
18250014 Tallinn SOVETSKAYA ESTONIYA in
Russian 22 Oct 87 p 4

[ETA item by A. Prisyazhnyy, including interview with M. Ahde, chairman of Finland's Parliament: "Perestroika and Fenno-Soviet Cooperation"]

[Text] Problems concerning perestroika [restructuring] in the country's economy and social and political life are in the center of attention of the Fenno-Soviet seminar, which began its work on 20 October in Tallinn. The seminar was organized by the USSR and ESSR academies of sciences and by the Finnish firm, A/O Finn-ist. Famous Soviet scientists, as well as about 100 prominent representatives of Finland's scientific and business circles, take part in its work.

"For us perestroika represents primarily sharp changes in all the spheres of life of Soviet society, especially in its economic and social-cultural life," I. Toome, candidate-member of the Bureau of the Central Committee of the Communist Party of Estonia, first deputy chairman of the ESSR Council of Ministers, noted in his introductory remarks.

M. Ahde, chairman of Finland's Parliament, made a speech in reply. Prof T. Leynonen also spoke on behalf of Finland's Academy of Sciences.

V. Paulman, chairman of the Estonian SSR Gosplan, ESSR ministers V. Lind, V. Khalmyagi, Yu. Kraft, and V. Veskiyali, and O. Kaldre, general director of Estimpeks, told the guests about the processes now occurring in the republic's economy. They paid special attention to problems of cost accounting, self-financing, improvement in the quality of output, and possibilities for closer contacts in agricultural, industrial, and cultural areas.

The speakers said that perestroika and glasnost, which have become popular expressions, reflect a totally different situation in our country's historical development. The first joint enterprises with foreign firms have appeared and the process of elimination of excessive centralization is advancing successfully. Fenno-Soviet economic relations have reached a high level. Finland is one of the USSR's leading trade partners and, at the same time, the Soviet Union is the main economic partner of our northern neighbor. The participants in the seminar mentioned the maintenance of a balance in mutual trade as one of the most important problems. It has become especially urgent in connection with the sharp change in oil prices on the world market.

Finnish participants in the seminar, who displayed a good knowledge of our present reality, were interested in the entire spectrum of problems connected with the renewal of Soviet society. Thus, among the questions which they asked Soviet participants were also the following: How do elections of managers proceed in our country? Will intersectorial complexes not lead to excessive bureaucratization? What is the relationship between state orders on the part of Gosplan and the independent search by enterprises for consumers of products in national economic planning? Will the forthcoming price reform not lead to a social stratification of Soviet society? In what does the Soviet industry intend to specialize under conditions of the international division of labor and entrance into the capitalist market and so forth?

Answering one of the questions, N. Petrakov, corresponding member of the USSR Academy of Sciences, in particular, noted the following:

"The question whether perestroika is needed no longer arises for us. Life itself gave an answer, because present economic problems are the results of the old system of administrative-directive management. The debate is not whether perestroika is needed or not, but how to carry it out. There is no opposition to perestroika, because opposition presupposes an alternative program. However, an alternative for perestroika does not exist. On the other hand, there are malcontents not only among officials and bureaucrats, but also among some managers, for whom under previous conditions of management plan fulfillment automatically guaranteed the sale of output. Now poorly operating enterprises are threatened with bankruptcy. There are also malcontents among a certain number of workers, who agree to earn little, as before, but also to work inefficiently, as before. We urgently need perestroika, because postponed problems are unsolved problems."

M. Leosk, deputy chairman of the Presidium of the ESSR Supreme Soviet, and A. Gren, ESSR minister of foreign affairs, took part in the work of the seminar.

The Fenno-Soviet seminar, which discussed problems of perestroika in our country's economy and social and political life, completed its work in Tallinn on 21 October.

Speeches by A. Aganbegyan, academician of the USSR Academy of Sciences, M. Veyderman and E. Lippmaa, academicians of the ESSR Academy of Sciences, A. Raukas, corresponding member of the ESSR Academy of Sciences, Ya. Kh. Sandrak, chief of the Department for Foreign Economic Relations of the ESSR Gosplan, and A. Ilda, general director of the joint Fenno-Soviet EKE-Sadolin Enterprise, who discussed the changes taking place in our society, evoked great interest among the guests.

In turn, T. Relander, executive director of the Central Union of Finland's Industry, and E. Mortimer, deputy editor-in-chief of the journal *Financial Times* (Great Britain), discussed the attitude of the West toward our perestroika.

"The participants in the seminar received a good survey of what is taking place in our country now, including in Soviet Estonia," A. Keyerna, vice-president of the ESSR Academy of Sciences, told the ETA correspondent. "I am confident that all this will help the Soviet Union and Finland to expand contacts in all spheres and to raise our economic relations to a new level. As the participants in the seminar stressed, there are considerable potentials here."

On 20 October M. Ahde, head of the Finnish delegation, chairman of Finland's Parliament, gave an interview to the ETA correspondent.

[Question] Mr Ahde, the first such seminar was held in Moscow a year ago. What, in your opinion, has changed after that meeting?

[Answer] A great deal. At that time, a year ago, many participants in the seminar still had an attitude of distrust toward the processes taking place in your country and did not believe very much in the reality of perestroika. Now the situation is totally different. They believe in it and it is quite obvious that special interest in these processes is manifested precisely in Finland, because relations with the USSR have always been in the forefront for us. The appearance of joint enterprises, granting the right to an independent entry into the foreign market to many Soviet firms, and free information about your country have become the best arguments. However, the recent visit by Finland's President M. Koivisto to the USSR and the treaties signed in Moscow, possibly, have become the most convincing arguments in favor of perestroika. In the course of the meetings between M. Koivisto and M. S. Gorbachev the

fruitful policy of good-neighborly relations and mutually advantageous cooperation was not only confirmed, but a strong impetus was given for the further expansion of our long-term contacts.

Most importantly, this visit determined not only the prospects for the development of our two countries, but also of many others. In our country there was great approval for M. S. Gorbachev's proposals expressed in his Murmansk speech on the interconnection of disarmament with the solution of economic and ecological problems.

[Question] In the opinion of the representatives of the Finnish delegation, what should Soviet specialists, Finnish businessmen, and scientists do in order to activate the process of our further cooperation?

[Answer] We know quite well about your perestroika in general, but detailed, minute information is still scanty. We want to understand it more thoroughly. Here it is very important to see to it that meetings similar to the present one are held on a permanent basis. We must consult each other more frequently and inform each other of all the problems that arise. Life shows that together both sides can painlessly solve many problems; for example, as was the case when world oil prices dropped sharply. At that time hardly anyone believed that our trade turnover built on a clearing basis would be maintained at the present level.

[Question] What opportunities are seen in Finland in the cause of the further expansion of our trade and economic contacts?

[Answer] First of all, in the further expansion of contacts in sectors, where we work traditionally and in a mutually beneficial manner: metalworking, construction, and services. Furthermore, we hope for an expansion of contacts in the area of environmental protection. It is a matter of developing technologies, scientific studies, and an appropriate production base, including joint enterprises. Of great interest is the plan for the development of a motor transport artery from Finland through Estonia and other Soviet Baltic republics to Central Europe.

Now we in Finland, like you in the USSR, are preparing for two big dates: the 70th anniversary of the Great October and the 70th anniversary of Finland's independence. We would like to see to it that the big positive baggage accumulated by us during this period becomes the foundation for a further expansion of good-neighborly relations.

11439

Polish Economic, Administrative Reforms Detailed
18070039 Moscow GUDOK in Russian 15 Nov 87 p 3

[Article by L. Ilina, special correspondent of GUDOK, Bydgoszcz, Warsaw, Moscow: "Time of Changes"]

[Text] At the end of October, when in localities near Moscow a frosty cloud shook the last leaves off the trees, golden fall still blazed with all its might in Polish forests. People with baskets filled with black-cap mushrooms were encountered in the pine forest around Lake Jezuickie. There, 18 km away from the city of Bydgoszcz, the long building of the Prondotin Railroad Resort Hotel stretched along the sandy bank. The vacation season ended a long time ago and now people were working in the quiet forest shelter. The all-Polish conference of makers of the new railroad schedule gathered there.

Prondotin, which served as our lodging, remains in my memory as a place of frank discussions, which lasted till midnight. Questions, answers, and arguments with our Polish colleagues and with each other..., because the time through which we are going is a time of search, changes, and development of new methods of management, for which tested recipes have not yet been prepared.

Before the Second Stage

During the very same days, when we were the guests of Polish transport workers in connection with the days of Soviet trade-unions in Poland, a meeting of the Sejm of the Polish People's Republic, which discussed the country's transition to the second stage of the economic reform, was held in Warsaw.

The reform program was put forward as long ago as 1981 at the 9th congress of the Polish United Workers' Party. At that time enterprises were given independence, economic levers were put into effect in planning and management, and scope was given to cooperative and private initiative. Those who have visited Poland in recent years could see for themselves how the economic situation in the country has improved as compared with the crisis situation in the early 1980's. Store counters are again filled with goods and stores, with people and numerous stalls with an abundance of fruits and vegetables delight the eye. Nevertheless, it has not yet been possible to solve many problems. The cost of living is rising steadily, the zloty is depreciating, housing construction is greatly lagging behind the needs, and the shortage of a variety of goods is persisting. Despite the fact that an active balance in trade with capitalist states has been attained, the country's foreign debt has not decreased, but increased, now approaching 36 billion dollars. All these circumstances have generated the need to give a new impetus to the reform.

The plan for the second stage consists of more than 150 tasks. They are to be fulfilled within 3 years. An overall restructuring of the management system for the sake of development of collective and private enterprise and the restructuring of the price and income system are envisaged.

The structure and functions of central administrative bodies have already been changed. For example, instead of 16 former ministries, 8 new ones have been established. In particular, Janusz Kaminski, former minister of railways of the Polish People's Republic, has now become minister of transport, shipping, and communications. The managerial apparatus as a whole will be reduced to one-fourth.

Decentralization of the management of the country's national economy is the essence of administrative restructuring.

All the economic sectors—state, cooperative, and private—receive equal rights and can form cooperatives. As of the new year many enterprises will lose the status of enterprises of general national significance and will be placed under the jurisdiction of local authorities. Various privileges will be granted to attract foreign capital to Poland and to facilitate the activity of joint firms. Whereas previously the Polish side was supposed to have the biggest share of participation in such companies and they were supposed to be headed by a citizen of the Polish People's Republic, this principle will be abolished now.

The change in the price structure in the course of the second stage in the economic reform presupposes an increase in the cost of a variety of goods—fuel, electric power, basic food products (such as milk, meat, bread, and flour products)—and a rent increase. This rise in cost will be covered by wage and pension increases. For example, in the production sphere the rise in the cost of living will be automatically compensated at the rate of 60 percent. Enterprises will be able to pay the remaining part of the compensation from the derived profit. It turns out that the wages of every specific worker will largely depend on the results of his labor and the economic achievements of his enterprise. It is assumed that the level of real average wages should remain unchanged.

The goal of the transformations is to create conditions for more efficient work, to give the economy features of innovation, enterprise, and flexibility, and to lay down stronger material foundations for meeting public needs. It is quite logical that the reform cannot be limited only to the change in economic mechanisms. It also requires transformations in the social and political area—development of democracy and self-management.

As we see, the forthcoming changes are radical and affect literally every member of Polish society. The attitude toward them is ambiguous—approval, fears, and skepticism... It is obvious that it will be possible to realize the plan only with extensive and active popular support. Therefore, a referendum will be held on 29 November, in the course of which 28 million voters should express their attitude toward the government program. The Sejm, which was in session at the end of October, formulated the questions of the referendum. They are as follows:

1. Are you in favor of a full implementation of the program presented to the Sejm for a radical improvement in the economy aimed at a significant betterment in the people's life, knowing that this will require a 2- or 3-year period of rapid changes?

2. Are you in favor of a Polish model of profound democratization of political life, whose goal is to strengthen self-administration, to expand citizens' rights, and to increase their participation in the country's management?

On the very same day, when the report on the Sejm meeting appeared in the Polish press and when the questions of the referendum were published, the newspapers *Trybuna Ludu* and *Rzecz Pospolita* published a television interview, which was broadcast the day before, with L. A. Wittom, director of the Department of Trade and Payment Relations of the International Monetary Fund (IMF), who was in the country. A few days later a spot for statements was given to E. Lari, one of the directors of the International Bank for Reconstruction and Development (IBRD). The interest in the opinion of the representatives of two international financial organizations is understandable. After all, this is the opinion of Western creditors. In brief, it boils down to the fact that the reform program is similar to the conclusions and recommendations of the IMF and IBRD, whose experts carefully studied the state of the Polish economy in connection with the fact that the country joined these organizations last year. Lari noted that the national economy of the Polish People's Republic had every possibility of solving the foreign debt problem under the reform's conditions. Wittom promised, in case of success in the program's implementation, to examine the government's request for auxiliary credit. At the same time, he admitted that a number of social groups in the country would feel the measures taken "quite painfully," although, at the same time, they would be advantageous for other groups.

We Are Searching for Potentials

Naturally, I was interested in the following question: What will the second stage in the economic reform mean for Polish railroad workers? What are their plans? What difficulties will they have to overcome?

We talked a great deal about this with the trade-union aktiv of the locomotive depot in Bydgoszcz in the attractive "Behind the Crossing" Club, which is popular in the city. In Warsaw I talked with Wojciech Janikowski, deputy chairman of the Federation of Polish Railroad Workers, Marek Gronau, trade-union leader of central railroad management, and Benedict Czekala, editor-in-chief of the fraternal newspaper *Signaly*, an old friend of *Gudok*.

Thus, for the country's railroads the new stage in the economic reform will signify a transition to work without subsidies. Partial cost accounting is already applied now. It does not encompass capital construction and equipment purchases.

Where to find profitability potentials? First of all, it will be necessary to sharply improve the utilization of the existing potential. For example, it has been estimated that one-fourth of the available rolling stock does not operate constantly. It is necessary to lower this indicator to 10 or 14 percent. For this purpose work is now being done to increase the efficiency of repair enterprises by means of mechanization, automation, and the introduction of modern technologies. This is not the first year that main stations with marshalling yards are being modernized. Instead of the existing 100 there will be only 50. Polish railroad workers have abandoned the method of gradual and partial remodeling. A station is closed, all obsolete equipment is liquidated, and, in fact, a modern, fully automated system is rebuilt completely. Thus, two or three new shunting yards at the peak of technical progress in this area are established during the year.

At present Poland's railroads do not receive a rigid transport volume plan. Their task is to deliver all freight to the place of destination rapidly and in a quality manner. However, a direct relationship remains between the transport volume and the amount of profit and Polish colleagues are alarmed by the recently manifested tendencies toward a reduction in this volume. Less freight means less income and less money for the social needs of the sector's workers.

An efficient utilization of manpower is the most important potential. Certification of work places—not workers, but places—is taking place in Poland's railroads this year. The need for a given staff unit, the load degree, and the possibility of combining functions are clarified.

For example, at the electric locomotive depot in Bydgoszcz in 1987 the number of employees was reduced by 10 percent. However, there were no forced dismissals. Some preferred to leave for a more profitable job and some remained at the depot and were retrained. Some engineers began to work alone. Only the most experienced people and, moreover, those that underwent a careful psychophysical examination, were entrusted with this. Financially, such work is much more profitable. Whereas previously an engineer, traveling with an assistant, earned 30,000 zlotys per month, now he earns all 50,000. At the same time, for the depot such a system is also more profitable. After all, the number of workers, as well as the number of hours of overtime, which require a large additional payment, was reduced. The transition to working alone is possible only where there are constant radio communication with the engineer's cabin, automatic breaking, and light and acoustic sensors reacting to traffic lights.

I would especially like to stress the last circumstance, because, as we were told at the federation, trade unions will carefully see to it that the course of technical reconstruction determines the dynamics of reduction in employment and that the liquidation of work places does not outstrip the sector's technical capabilities.

It is assumed that during the next few years the number of railroad workers would decrease by 60,000. To the question whether the trade-union aktiv was not concerned about the fate of these 60,000 people, I received the following answer: These people will not remain without work. In Poland today jobs seek people. An acute shortage of manpower persists especially in the service sphere.

What is our colleagues' attitude toward the changes taking place in the country?

"You know," said Wojciech Janikowski, "I have already been at some meetings at work collectives and almost all the speakers supported our management's plans. Now the government asks us whether we want to embark on the changes rapidly, or to extend the reform over many years. Most prefer a short path, although they realize that it will not be easy at all." 11439

Results of Polish Referendum on Economic Reform Discussed

18120031b Moscow NEW TIMES in English
No 49, Dec 87 pp 14-15

[Article by Vladimir Kulistikov: "The Reform Put to the Vote"]

[Text] It was the second referendum in the country's history. The first was conducted in 1946. At that time the Poles declared for the inviolability of their republic's postwar borders. By inviting suggestions from Poland's citizens as to the rates and methods of socioeconomic and political reforms, the current Polish leadership stressed the importance of changing over to the second stage of the reform started some years ago.

The nation discussed how the reform was to be carried out - quickly, at one go, or piecemeal. On November 29, each of Poland's 26.8 million citizens with the right to vote was asked two questions: do you want full implementation of the programme submitted to the Sejm for a radical shakeup of the economy and a substantial improvement in living standards, even if this takes two or three years of vigorous action? Or would you prefer the Polish model of the thorough democratization of political life aimed at promoting self-government, expanding civil rights and enlisting citizens in running the country on an ever larger scale?

Poll results

In the run-up to the referendum, anti-socialist forces tried to capitalize on some people's pessimism. Certain leaders of the former Solidarity organization called for a boycott of the referendum on the "grounds" that the authorities wanted to make the nation an accomplice in a policy leading to economic disaster.

Referendum returns failed to corroborate the expectations of those who had predicted that people would not go to the polls. A 68 per cent turnout is a genuine vox populi and a convincing indication of popular confidence in the socialist political system. Sixty-six per cent of this turnout said "yes" to the first question, and 69 per cent - to the second question. According to law, however, the programme of accelerated reforms must win 51 per cent of the total national vote to be accepted, and the actual majority vote proved insufficient. Only 44 and 46 per cent of Poland's voters answered the first and second questions in the affirmative, respectively.

I asked Eugeniusz Smilowski, deputy director of the Public Opinion Research Centre, to comment on the poll results. Incidentally, the centre had predicted that more than 50 per cent of all voters would answer "yes" to both questions.

"The large number of negative answers is due primarily to the prospect of a new rise in prices. A preliminary opinion poll had revealed that this measure is particularly unpopular with unskilled workers, civil servants, schoolteachers - in word, with those whose income is restricted to a fixed pay. Enthusiasm for accelerated reforms has been voiced by highly skilled workers, engineers, private operators, business owners and craftsmen. The idea was approved, on the whole, by invalids and pensioners who believe that the government will make up for the losses caused by the price rise. What worries us most is the apathy of the young, and their reluctance to take an active part in political life. This attitude testifies to a certain degree of mistrust in the system. What should be borne in mind first and foremost in assessing the referendum results is that from the viewpoint of our political system getting people to take part in the referendum matters much more than finding out which way to carry out the reform they prefer.

In some parts of the country the idea of accelerated reform drew the majority vote. That was the case in Warsaw. I asked Jacek Zdroewski, propaganda department chief of the Warsaw PUPW City Committee, to explain why.

"I think it was a result of active political preparatory work done in the run-up to the referendum by the Polish United Workers' Party, the Democratic Party, the United Peasants' Party and the Patriotic Movement for National Revival. We had many get-togethers with the ordinary people, factory workers included, explaining to them, in practical terms, what effect the reform would have on everyone's life. Despite the unfavourable socio-demographic situation in the city, most people here have supported the idea of carrying out the reform fast."

It must be said that the result of the referendum could have been different. It had been expected that much fewer people would come to the polls. The scale was tipped by the openness with which all the problems involved in the coming reforms were discussed, by the fact that the leadership did not promise the people the

moon but to'd them frankly that the country was facing a difficult choice. The media also played a crucial role. They helped Poland to hear its own voice. Journalists displayed a high degree of professionalism in bringing home to everyone the essence of the questions put to the popular vote, with the result that many awoke to their responsibility for the fate of the country.

The leadership did not press the nation for a "yes" to its programme. It was stressed in the discussion that the important thing for the Poles was not so much to support the given plan for the reform, as to make a free and conscious choice.

"No one had as yet invented a perpetuum mobile"

It was perhaps the first time that the democratic procedure (provided for by the Constitution) of submitting key issues to various sections of society for discussion was resorted to. At the Warsaw City Committee of the PUWP, at the Central Committee of the United Peasants' Party, and at the Central Committee of the Democratic Party I was told that every stage of preparations for the reform had been preceded by interparty consultations at the most varied levels. Coordinating different viewpoints took time. The Democratic Party, for instance (which had long insisted on making referenda regular political practice in the country) had its doubts as to whether it was right to word the questions in such a general way and suggested some procedural changes. Following consultations with other parties, all the misunderstandings were straightened out.

The leaders of the parties, trade unions and public organizations travelled extensively around the country addressing various audiences, advocating the idea of the reform and answering awkward questions. The most difficult question of all was put to Wojciech Jaruzelski, First Secretary of the PUWP Central Committee. At one of his get-togethers with young people, telecast live, he was asked: "How can you guarantee that the reform will be a success? After all, those charged with carrying it out have already attempted reforms before." This question by a young Pole gave voice to past disappointments. Too many promises had been given but never fulfilled.

Wojciech Jaruzelski replied that he could not vouch for the reform being a success. Reform was only a move. Nevertheless, every condition would be provided for implementing it. No one had as yet invented a perpetuum mobile. Every machine requires maintenance, the quality of which varies from man to man. Some handle a machine with care, others destroy it. We observed this, for instance, at the first stage of the reform. We came up against all sorts of obstacles, such as lack of experience and a lot of red tape. Both at the top and at grassroots level there was opposition to unpopular, but economically necessary solutions, Jaruzelski stressed.

The evolution of the Catholic church's stance is indicative of the change of sentiment. At first, its leadership ostentatiously ignored discussions on the subject of the referendum, but a few days before polling day Jozef Glemp, Primate of Poland, said in an interview to the Spanish paper *Ja*: "A difficult reform is better than chaos." The interview was liberally quoted in the Polish press.

More socialism

Poland is entering into a period of radical change. It is to build up an effective economic system which will enable hard-working people to augment their incomes appreciably. The system is also supposed to saturate the market with high-quality products, slow down the rate of inflation, and eradicate social parasitism, profiteering and wastefulness. In order to attain these objectives, factories will be granted more extensive rights, people will be encouraged to display initiative, superfluous bureaucratic elements in the management system will be eliminated, and unprofitable enterprises closed down.

In the political sphere, the role of representative organizations will be enhanced, the scale of self-management expanded, and all forms of socialist pluralism promoted and enriched. Some in the West are trying to pass these measures off as concessions to capitalism. This far-fetched view was refuted by the Sixth plenary meeting of the PUWP Central Committee, the first part of which had come to a close shortly before the referendum. The meeting made it clear that the purpose of the reforms was to have more, rather than less, socialism.

The results of the referendum will be discussed by the Sejm, which will also pass the final decision on ways of carrying out the reform and on the rate of its implementation.

The Polish people are to prove that they are not only to speak up and to make decisions, but also capable of putting their decisions into practice.

Warsaw

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Report on Hungarian Economic Reform

18120027 Moscow MOSCOW NEWS in English
No 48, 6-13 Dec 87 p 7

[Article by Viktor Loshak: "Life Determines Prices"]

[Text] The title, if read backwards, still retains its validity for the contemporary situation in Hungary, a country embarking on a new programme aimed at stabilizing the economy.

For Hungary three customers at a shop is a queue and six is a crowd. Soviet tourists are warned that lining up close in shops is considered bad manners. However, I saw a

queue all right at a shop selling electronic equipment in downtown Budapest. Among the crowd were a modestly-dressed couple, a military officer, a girl in a stylish denim overcoat. All looked like local people, not tourists. A truckload of Soviet-made TV sets was hurriedly (the shop was to open soon) taken into the shop.

Such queues are nothing unusual in front of shops dealing in washing machines, furniture, or refrigerators—in other words, costly durables.

Jozsef Szoke, an engineer from Dunaujvaros, whom I just met, was one such recent buyer: he bought an automatic washer and paid 6,000 forints for it. As a matter of fact, neither Jozsef nor his family were planning to buy it. However, all are happy now, because they saved on the deal and now know it.

The Szoke family was one among many other participants of the latest months' buying boom. For example, this September, when Jozsef bought the washer, the sales of manufactured goods in the country exceeded the September 1986 figure by 21 percent. Hungarians bought 30 percent more building materials and 25 percent more watches and jewelry items. The commodity turnover at the largest furniture shop in Budapest increased by over 50 percent.

Some people really badly needed the things they bought, still the majority of purchases were done, as in the case of the engineer from Dunaujvaros, to save some money on not buying the things later on at a higher price. They had good reasons for buying now. Retail prices will rise by 14-15 percent in 1988 due to the introduction of the lifting of state subsidies on nearly all consumer goods and services, accompanied by the usual annual increase in wholesale prices. The prices in Hungarian shops are now on average 46.6 percent higher than their 1980 level, but the price increase next year will be unprecedented. People's wages have also been rising, naturally, and the constant increase in wages and prices have been making the forint cheaper.

I presume that the people of socialist Hungary now display an unprecedented, in the state's 40-plus-year history, keen and widespread interest in the country's economic issues. That interest was heightened by the report made at the session of the National Assembly of the Hungarian People's Republic, delivered by Karoly Grosz, the present new head of the government and until recently first secretary of the Budapest Committee of the Hungarian Socialist Worker's Party. The prolonged and deepening with each passing year affliction of the national economy was openly mentioned for the first time: national foreign debts have reached 16 billion dollars (1,500 dollars per Hungarian). The country has to borrow more money just to pay the annual interest.

The causes of the present situation could make a separate article which may be interesting, because socialist countries' economic gains and miscalculations can provide a great deal of useful information on what should and shouldn't be done in that sphere. For example, we've heard and read a lot about the detrimental effect of the "compassion" displayed by ministries for the enterprises which are chronically lagging behind and being kept afloat by means of "transfusions" of money earned by other enterprises. This and the systematic issuing of credits for unprofitable enterprises will lead, as is clear from Hungary's experience, to a heavy overburdening of the state budget.

Karoly Grosz's report was like a cold shower for Hungarians. The consequences were even greater because of the population's high living standards. People are not accustomed to deny themselves anything: the average Hungarian consumes annually 80.5 kilograms of meat and fish products, 147 kilograms of fruit and vegetables, 25 litres of wine (incidentally, 10 litres less than in 1980), and 99 litres of beer. Every 100 families have 36 cars, 18 motorcycles, 160 radios, 112 TV sets, and 106 refrigerators.

On my last day in Budapest, I did a lot of walking inside the covered market near Freedom Bridge, taking in an impressive picture of fish sellers with landing-nets besides their aquariums, salami sellers barely visible behind the mountains of dark red sausage, and solemn-looking sellers of apples, green peppers goods. They could be models for a picture entitled "Prosperity." But what about the prices? They are roughly the same at the food markets in the Soviet Union: potatoes cost 9 forints a kilo (177 forints equal 10 roubles), mirror carp—143, meat—120-140, grapes—34, 10 eggs—25, pears—38, boiled sausage—80, the price for strawberries sank to 12 forints a kilo by late afternoon that day. The average monthly wage in Hungary is about 6,000 forints.

How much does the chairman of the government earn? What about the minister, or deputy minister? Journalists never asked such questions before, neither did they have any ground for doing it. Now that the interest in the subject of prices and wages is quite heightened, is it known that Karoly Grosz gets 34,000 forints a month, and a deputy minister (the lowest wage of a member of government) gets 22,000.

"An income tax will be introduced since the start of 1988," said member of the Central Committee of the Hungarian Socialist Workers' Party, Member of the Central Committee's Commission on Economy, director of the Institute of the History of the Party, Istvan Huszar. "Up till now, Hungarians have only made contributions to the pension fund. Besides, a surplus value tax will be introduced for enterprises. That programme is an enforced step, as we understand it. Never before has there been a greater need for popular support

for a government programme. The programme will turn out to be a sand castle without such support. There is a danger that the social base of the reform will crumble.

"We must do a lot of things at once and first of all get rid of unnecessary expenditures. Some unprofitable coal-mines, iron-ore works, and a metallurgical plant in Uszod have recently been closed down. Our Minister of Finance concluded that 25-30 percent of the items produced in the country must be either modified or excluded from further production. Quality and profitability are the pillars of the development programme."

The attitude towards the programme varies. This has also been proved by the debates at the recent session of the National assembly. Almost everyone I met maintained that the reform should have been embarked upon earlier. The coming 5 years during which the programme will have to be implemented are not the most favourable period: It coincides with the terms of repayment of the most of the country's foreign hard currency debts. There is an estimated deterioration of the demographic situation for that period: The portion of pensioners among the population (which already stands at a very high level of 21.6 percent) will go on rising for about a decade. The general increase of the average age of the population has already resulted in the mortality rate outstripping the birth rate.

How are pensioners, invalids and young people to be guarded against certain negative side effects of the reform? That question arouses everyone's concern, personal attitudes towards the development programme notwithstanding. It should be noted that the younger generation changed its social preferences long before the start of the present reform. We visited a youth camp near a town of Erd. There were mainly girls there. Boys seldom chose to continue their schooling at senior forms, but prefer to learn some trade and make money instead.

The problems facing young people are evident and have been studied in depth. A special research group was formed at the Central Statistical Department to investigate them. The Social Sciences Institute has a department called Younger Generation and Society. Zoltan Bekes, a senior research associate of the department, thinks that the problems of young people are largely the same in both the Soviet Union and Hungary. They are: getting an apartment of one's own when one is long past 30; the higher the educational level, the more time it takes to reach the mean wage level for the corresponding social bracket; 75 percent of newly-married peoples have not had even a minimal period of building up their family funds, which infrequently results in a collapse of young families. Of course, they are certain specifically Hungarian aspects. For example, there is a reverse migration to rural areas, recently among young people, or a decrease in the rate of young males among intellectuals.

"The most acute youth problem under the reform will be that of employment," thinks Bekes. "There is no doubt that unemployment will emerge. Our task is to make a prognosis, to suggest the best ways for helping young people and young people and take one's bearings in the newly-emerging situation."

Someone said: Hungarians are like ants—always busy doing something. Over half of the population of the country do some kind of extra work to get additional earnings, according to statistics. Signs and ads on fences, walls and even windows, offering the skills of shoemakers, car mechanics, cleaners, and tailors, provide an indirect proof of this. All these people do this outside their office and working hours. They are not willing to change their consumption habits, so that are compelled to work more and earn more money as a result. In the USSR, people's social status sometimes prevents them from taking up some kind of side job. Hungarians have long ago shed that social prejudice: a university expert in African history willingly does translations, a chief accountant at a large hotel complex drives a taxi. More and more people are joining cooperatives, or going self-employed. More than one-third of sales shops and public catering establishments are privately-owned. There are 150,000 crafts people in the country, and they give employment to another 25,000. The latter figure is likely to rise, because a private entrepreneur will be allowed to employ as many as 30 people.

I can compare state-run and privately-owned restaurants drawing from my own experience. The difference is as following: a private owner employs less people, but offers more palatable food for a substantially higher price. Sandor Krajnyik and his friend (both had been chefs in Budapest) bought what is now one of the most popular restaurants for 2,500,000 forints. It took 2 years to return half of that sum. Now they have a staff of eight. The cheapest dinner costs 200 forints. nevertheless, Sandor believes that he could have been able to charge far less, had the food prices not risen by 25 percent over the last 2 years. Sandor, for one, doesn't dread the reform. At any rate, he is positive that no one is going to ruin him with taxes.

There is no unanimous attitude to the reform on the part of self-employed workers. Gabor Stiller looks like a cowboy from a Western. he says he was born to coach athletes. He was one of the best athletes of Hungary. Now he runs a snack bar at a sports school, drives a Volkswagen coach for a tourist firm and gives a dozen PT lessons a month (to his heart's content). Gabor seems to be working around the clock. He can be seen unloading food at his bar as early as 5 a.m. At 7 a.m. he is already at the wheel of the coach at the hotel, he is again at the bar about noon, and once more, late in the evening, collecting receipts. He can earn what he is paid for giving PT lessons for just a 1-day tourist coach trip.

Stiller is rather categorical in his opinions. "The new system of taxes and tax inspectors is good only for lazy people," he says. "Less work will mean a quiet life for

them, the state must mobilize private capital. However, no one including me, is likely to risk money investing it in long-term projects under the present unstable situation proved by the very fact of undertaking the reform."

It would have been naive to reject the assistance of self-employed workers or disregard their opinions, the more so that the national unity and integration of the interests of all and most varied social groups lie at the core of the reform, no one can deny that one such group is represented by more than well-to-do people. That group must be rather numerous, because the aggregate savings-bank account runs onto 275 billion forints while the country's population is only 10 million. The sum is six times as large as the discouraging figure of the national budget deficit.

As a matter of fact, Hungarians agree that their own deals with each other differ quite a bit from the state prices for goods and services. For example, it is acceptable to tip a waiter or taxi driver by 10 percent of the bill. There is a set rate of "bonus" money for delivering a child or making a surgical operation, for example. The hateful and despised word "bribe" does not go down well at all here. Such payments represent just one more source of super profits for people of rather modest social status. It is they who are first and foremost concerned with the property taxation soon to be introduced.

The programme of development has not been enforced yet, but it is already everyone's concern. Will it be able to fulfill its aims, people ask themselves? The future activities of the Taxation Directorate and Central Price Directorate are in the spotlight of attention in Hungary. When visiting the Price Directorate, I asked for an expert opinion, and I was introduced to Ferenc Zavec from the development department.

He said that enterprises shouldn't be allowed to recklessly inflate prices which might be attempted after 1 January 1988. An application of certain administrative measures might be needed in that situation, however, Ferenc thinks that only economic levers can be really effective—it may be taxation, but not directives. Market and not the rule by decree, should determine the prices.

Second, enterprises equally shouldn't be allowed to slide down the inflation spiral, making reckless buying and not making use of the stock. The tendency to grab as many loans as possible must be nipped in the bud.

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Hungarian Journalists in USSR Observe Glasnost, Perestroika

18070015 Vilnius SOVETSKAYA LITVA in Russian
13 Oct 87 p 3

Article by Levente Kaposi, editor-in-chief of the newspaper NEPI UJSAG, Janos Kopka, editor-in-chief of KELET MAGYARORSZAG, and Erwin Naplo, editor-in-chief of DUNANTULI NAPLO, in the column "The Word of Our Friends": "A Month in the Heart of Perestroika and Glasnost"

[Text] Perestroika, glasnost. . . . There is not a foreigner who would not be interested in present-day Soviet reality. Especially if the foreigner comes from fraternal Hungary and by profession is a journalist or party worker.

A month ago, our group, with great interest and expectations, came to Moscow, to the Institute for the Exchange of Experience of Socialist Construction of the Academy of Social Sciences at the CPSU Central Committee. Recently one has been able to hear and read a great deal about the large-scale changes in the Soviet Union. However, it is one thing to hear, and quite another—to observe the signs of the processes of restructuring and glasnost. It goes without saying that a few weeks spent in the Soviet Union are an insufficient time to fully realize the essence of the changes. Nevertheless, the meetings, conversations, exchanges of views, and—in so far as we are talking about students—lectures have made it possible to develop a much more authentic concept of the important processes in the life of the country.

During our stay in the Soviet Union, we had the opportunity of meeting with executives and workers of the editorial boards of PRAVDA, SOBESEDNIK, NAUKI V SSSR, MOSKOVSKIYE VEDOMOSTI, and the State Committee for Television and Radio Broadcasting, and were able to become personally acquainted with the practice and the plans of party work of the Perovskiy CPSU Raykom and the Serpukhovskiy City Party Committee; we were also in scientific institutions, for example, in the Economics of the World Socialist System Institute, under the USSR Academy of Sciences, headed by Bogomolov, which is also widely recognized abroad, and the Scientific Research Institute of the Tire Industry. Regardless of where we were, everywhere there open and straightforward talks took place, talks that were aimed at concerns and problems, at the aspiration to break with the previous way of thinking, as well as the feeling of deep responsibility for the fullest and most general realization of the tasks of reconstruction.

The members of our group are journalists occupying leading positions and party workers who are carrying out leadership through the mass media. For this reason, we were especially interested in questions related to the role of information for the masses in the changes taking place in present-day Soviet society and in the solution of urgent and long-term tasks.

The exchange of views with Soviet party workers and colleagues in the field of journalism convinced us once more of the fact that the present-day mass media are open to all questions: Ideological, political, social, and economic; that the mass media have occupied a place in the vanguard of the process of exposing errors and in the authentic, undistorted portrayal of historical events and individual personalities. They are conducive to the correct vision of the events of today and its problems and to the realization of the tasks that are most important for

the country. All of this requires boldness and increased responsibility from the workers of the press, radio and television. And at the same time—the search for new methods and solutions, such as, for example, the renewal of television and radio programs and editorial work. Indicative of the success of this search is the fact that during the past 2 years the number of subscribers to printed publications has increased by several million, and confidence in the press is indicated by the stream of letters from readers. It goes without saying, even in the sphere of the mass media, as in all others, there are still undisclosed resources; in the words of our Soviet colleagues, with respect to the boldness of the press, a great deal can be learned from the decisions being taken by the central party leadership.

During our stay in the Soviet Union, the trip of comrade M. S. Gorbachev, the general secretary of the CPSU Central Committee to Murmansk took place. The speech which he gave once more confirmed the orientation of Soviet foreign policy toward detente, the reduction of the level of armaments, and the creation of an all-embracing security system. In this speech, which serves as an example of the new political thinking, new initiatives were expressed, in particular with respect to the creation of a nuclear-free zone in Western Europe, the coordination of the actions of the northern countries for the protection of the environment, and the idea of the development of a single North-European energy program. M. S. Gorbachev welcomes the initiative of the head of the government of Finland (as published), Mauno Koivisto, aimed at the limitation of the activity of the fleet in Northern Europe. He even proposes to open the Northern Sea Route for the passage of foreign vessels accompanied by Soviet ice-breakers.

We, Hungarians, are convinced that the numerous proposals, initiatives, and readiness for discussion is indicative of the aggressiveness of Soviet foreign policy defending the interests of detente, of its flexibility and constructiveness. This is extremely important for all socialist countries since the reduction of armaments will make it possible to concentrate resources on the acceleration of economic development. For this reason we are so interested in the successful realization of the intentions of the Soviet Union and the socialist countries.

Of great significance for us is the unanimous conclusion of our Soviet comrades expressed in the course of our exchange of views that one of the most important tasks is the restructuring of the consciousness of people in the interest of socio-economic progress, the overcoming of stereotypes, the formation of a new system of values, and the process of the broad democratization of society. This is important because of the fact that restructuring is possible only provided that the popular masses participate in it on a broad scale. Our conversations also dealt with concrete steps in the sphere of the development of intra-party democracy—the basis of the development of socialist democracy and the efforts that are being undertaken in the interest of increasing the role of the Soviet

and public organs and in the interest of deepening democracy at the work place. We talked about how this is being promoted by socialist legislation. We became convinced of the enormous importance of this work and of the long term nature and increased exactingness in regard to the training of ideological workers. The success of the ideological "break-through" will in many respects be conducive to the realization of economic, social, political and cultural tasks. We take believe that our Soviet friends are firmly inclined to persistently implement the restructuring in spite of the numerous difficulties arising along this path.

With great interest we read the speech of M. S. Gorbachev delivered in Murmansk, in which it was emphasized that at the present time the most important sphere of restructuring is the economy. It was noted that, in spite of the changes that are present in the economy, radical changes have not taken place in it thus far. The large-scale nature of this task has found reflection in the following words of the general secretary of the CPSU Central Committee: "We must not nourish illusions, you see we are not talking about cleaning out the corners and about painting the walls, but about rebuilding the building."

During our stay in the Soviet Union, we frequently talked about the new Law on State Enterprises, about the system of cost accounting, self-financing, and the new methods of management, i.e., about the new economic mechanism. We are well acquainted, not only with these questions, but also with the practical tasks connected with their solution: for example, the improvement of labor organization, the increase of quality and efficiency, the better utilization of working time, the acceleration of technical progress, and everything that signifies an increase in the quality level of the national economy.

In the course of an open, comradely exchange of views it becomes evident that the transfer of the economy to "new rails" requires lengthy, consistent and intensive work. In this connection, the exchange of experience makes it possible to penetrate into the essence of the new economic mechanism and the appropriate measures for its introduction, as well as the results already attained in this sphere.

The general and successful realization of restructuring in the USSR is important not only for the country of the Soviets, but also for the entire socialist commonwealth, including Hungary. It is important from the point of view of the development of the development of the world system of socialism. The realization of restructuring can be especially conducive to the further strengthening of the economic relations between the countries, in particular to the renewal of cooperation within the framework of CEMA. For this reason we wish our Soviet friends every success in their creative work.

We consider it a great honor that, while taking courses and during our study of the experience [of the Soviet Union], we were given the opportunity of visiting the Lithuanian SSR and to become acquainted with this republic. With great interest, we took in the information about the achievements of the fraternal Lithuanian people, about the plans for the renewal of all spheres of society and the economy. The work in regard to the untiring improvement of the living conditions of the population deserves special recognition. Evidence of this is the comprehensive conception of the development of Vilnius, which is embodied in the construction of beautiful, modern mikrorajons, in the reconstruction of the historic zones of the city, and the solicitous attitude toward them.

Upon returning to our homeland, we, the party workers and journalists, within the framework of our activity, will promote the augmentation of the knowledge of the Hungarian people about Lithuania, the deepening of the friendship between our peoples, and the further strengthening of fruitful relations between them.

8970

Czech Educational Innovations Link Studies, Practical Work

18070051 Baku MOLODEZH AZERBAYDZHANA in
Russian 15 Sep 87 p 3

[Article by Dz. Efendiyev, candidate of philosophical sciences, under the "The World and Us" rubric: "Archimedes and Edisons Are Needed..."; first paragraph amplifies article title]

[Text] This is the motto of the program adopted in 1984 at the initiative of the Socialist Youth Union (SSM) by the government of the CSSR. The program is aimed at actively involving children and youth in the process of scientific and technical development. It provides for a system of scientific and technical training to be established to substantially extend young persons' fund of knowledge.

In Czechoslovakia, development of skilled personnel—the most important factor in accelerating the country's economy—begins with training of the young generation in school. In this respect, the opportunities for an interrelationship between the Centers for Inventive Creativity and schools, as well as the CSSR's experience in searching for inventive talent in the school environment, appear promising.

The program includes such topics as efficient organization of labor in all areas of public life; improvement in the processing and use of raw material, materials and energy; the application of nontraditional materials; and the development of integrated mechanization and automation based on microelectronics. The Czechoslovak experimenters are devoting no less attention to the

problems of increasing land fertility, developing biotechnologies and genetics, and utilizing the innovations of science and technology in public health and environmental protection. What results have been obtained from this program over the years?

A rather extensive network of clubs, centers and study groups involving tens of thousands of enthusiastic schoolchildren has been set up in the country. Lessons are given in them on a voluntary basis (for a small payment in a number of cases) by VUZ students, specialists from enterprises, and teachers and employees of scientific research institutions. The children become familiar here with basic trends in the development of science and technology in the CSSR and the world and conduct their first practical experiments in laboratories which are equipped with help of the enterprises and organizations which look after the study groups or centers concerned.

The clubs provide a higher organizational form of training for pupils with more schooling. There are one or two such clubs in each region, and each one of them has its own specialization. The children learn the basics of electronics, computer hardware, and biotechnology.

Many clubs and centers which are sponsored by large enterprises receive assignments to develop simple components. They suggest that students who are a little older think about improving a product that is being turned out or improving an engineering process. Not all the ideas and suggestions of the young innovators are put into practice. However, their direct participation in the work of a labor collective inspires them, serves as a point of reference for selecting a vocation, and helps to develop the efficiency experts of the future.

As far as developing scientific and technical creativity in the ranks of the working youth is concerned, this function is being performed by the "Zenit" movement. The fact that every third young worker in industry, transportation, and agriculture is now taking part in the "Zenit" movement attests to its popularity.

The basic form of participation involves work to modernize production, to develop new equipment and technologies, and to put them to use. Previously, priority was given to minor inventions and refinements which eliminated "bottlenecks" in production, but now "Zenit" has grown up: it has shifted its attention to the problems of fundamentally restructuring production programs.

The desire of the young people to take an active part in performing tasks to restructure public production and improve product quality has been expressed in a new form of organizing participation by youth in the country's scientific and technical development. A "Youth Initiative Fund," which is called upon to stimulate acceleration of the process of intensifying the economy, based on the achievements of science and technology, is being established at many enterprises. The

primary organizations of the Socialist Youth Union (SSM) conclude agreements for this purpose with enterprises, in accordance with which they are committed to conduct specific research, work out technical improvements, and assist in their introduction into production. The agreement is based on economic incentive for the SSM members. The SSM retains 10 percent of the total profit obtained as a result of the introduction and research efforts and plan overfulfillment. Half of this goes to the SSM Central Committee, and the other half goes for the needs of the enterprise's primary organization. Part of the funds are used to provide incentive to labor pacemakers and youth brigades and to finance the mass political and cultural activities conducted by the SSM. It is also interesting that the young experts who have proved themselves in labor and creativity have preference in entering technical schools and VUZes and they receive free subscriptions for special literature.

Last year more than 100 specific scientific and production tasks, which provided an economic gain of 24.5 million korunas, were carried out at 48 enterprises within the framework of the "Youth Initiative Fund."

8936

Article Reaffirms Conclusions Drawn After 'Prague Spring'

18120031a Moscow NEW TIMES in English
No 49, Dec 87 pp 12-13

[Article by Boris Kozlov]

[Text] Some 20 years ago I, as a journalist, had occasion to meet in Prague with Zbigniew Brzezinski, who was at the time giving lectures at Charles University. Once, at a gathering of sociologists and economists, Prof. Ota Sik initiated a conversation about the miscalculations that had been made in the Czechoslovak economy, and the situation in the country where, he said, the drawbacks of socialist planning were clearly apparent and where for that reason an atmosphere conducive to a free market was badly needed.

Brzezinski commented on Prof. Sik's remarks by advising him to wait for a year or so and see what happened then. The comment of a future assistant to the U.S. President proved prophetic (I am not going to judge to what degree it was fortuitous). In a few months, Czechoslovakia saw a political crisis engendered by the mistakes of the Communist Party leadership, and its inability to respond in good time to the new processes developing in the country's public life.

A critical review of the events was made at the party's Central Committee meeting in December 1970. Much water has flown under the bridge since then. The implementation of the Leninist programme of building socialism has enabled Czechoslovakia to achieve results of

which it is justly proud. The social position of the working people has improved substantially. Their confidence in the superiority of the socialist over the capitalist way of life has increased.

Radical changes have occurred in the lives of those who were present at the above-mentioned gathering. Brzezinski's star has set, while Sik has apparently been forgotten even in the United States, where he subsequently settled. However, the desire to revise one or other page in history is still manifest. It is claimed that the evaluation of the crisis given by the Czechoslovak Communists needs revision.

Let us turn to the events of those years.

Some people ask: did not the leaders of the "Prague spring" of 1968 want to carry out the reforms now being implemented in other socialist countries? For they were already speaking then of socialism with a "human," "open" and "honest" face.

The 1968 crisis in Czechoslovakia originated from the sincere desire of the people to solve the problems that had accumulated over the years. The working people believed that the party had taken the correct path. But, through the fault of right-wing opportunists, it was unable to mobilize the public for the solution of serious, long-maturing problems, as had been urged by the January 1968 meeting of its Central Committee. Moreover, it had lost control of the situation. As a result, the impending crisis was exacerbated.

Even a general review of the "democratic socialism" preached by Czechoslovak rightists in the 1960s shows that this model was directed against the leading role of the Communist Party in society. In fact, it was directed against the main functions of the socialist state, against the historic role of the working class, against the internal unity of society and, in the foreign policy sphere, this model was intent on severing the country's socialist ties.

The rightists tried to prove the need for "socialist pluralism" and completely denied the Communist Party a role in political life. They tried to refute the socialist reality and simultaneously idealized bourgeois democracy, depicting it as all but a stage on the road to "democratic socialism," which could be achieved by the complete development of capitalism.

That false interpretation of the prospect of development gave rise to calls for measures that would transform socialism into a system based on the petty-bourgeois social model.

This line had no chance of success in a situation firmly controlled by the Communist Party. But after the right-wing opportunists had openly attacked the basic principles of socialism, and the party and government bodies had ceased to put up organized resistance to their corrupting activity, the reactionary forces began a decisive offensive.

Only negative features were increasingly loudly and insistently emphasized in assessing the past period in the building of socialism in Czechoslovakia, and since the Communist Party failed to advance a clear counter-programme, defeatist sentiments began to grow in society and the destruction of socialism as a social system was initiated.

These facts cannot be denied.

Moreover, in the 1950s the linking of theory with practice was often reduced in Czechoslovakia to a mechanical substantiation of one or other political measure. In the early 1960s, another extreme prevailed-theory was counterposed to practice, some notions were elevated into a dogma, and everything done since February 1948 was criticized. Experience was not studied, and there was no search for new ways of development. Instead, society was offered "new ideas," usually borrowed from the bourgeois arsenal.

These ideas attracted many people by their negativist character, and their abstract criticism of social mechanisms, and fell on the fertile soil of discontent. The practical experience of the party was depreciated, and there was increasing susceptibility to various managerial theories that were supposed to do away with the imaginary subjectivism of political decisions. The class approach to the analysis of reality was excluded.

These are also obvious facts.

Under the pretext of searching for new paths of development for socialist society, a gradual departure from Leninism took place and even the language of the time of Masaryk (who had defamed Bolshevism) were revived until, finally, Leninism was rejected as a "Russian phenomenon," and therefore unfit for European conditions.

The intellectual elite was counterposed to the masses. There arose groups which offered "new models of socialism" and tried to impose them on the general public. But whatever theoretical attire these groups used, they acted cynically in practical policy, flouting all normal concepts of democracy and decency. The aim of these "brains trusts" - to seize the political initiative and place themselves at the head of society - served as a justification for their actions and methods.

Radicalism is not only an "infantile disease" of Communists, it is also a permanent disease of intellectuals, and a widespread and grave at that. It is of course regrettable when, through the fault of certain individuals, the Communist Party is sometimes abandoned even by its talented members. One cannot but see, however,

that the reason for their desertion is usually personal intellectual arrogance and complete indifference to the interests of the working people.

The "democratic socialism" preached in Czechoslovakia was a product of those ambitious intellectuals who had drawn away from the working class and the Communist Party. Their models of socialism were merely speculative ideas, equally distant both from the material potential of society and class relations as a whole. Attempts to pursue such a course were bound to lead to new myths about socialist reality, and finally led to the rejection of socialism and to anarchy.

Today these actions by right-wing elements are presented as all but a reaction to dogmatism. No, they were rather a reaction to the Marxist-Leninist solution of the new problems engendered by the development of the socialist world system. Right-wing opportunism, which became rife in Czechoslovakia in the late 1960s, did not strive to develop Marxism as a world outlook capable of overcoming the problems posed by life. It sought to create a basis for counterrevolution.

The costly experience drawn from the Czechoslovak crisis by the party's Central Committee at its meeting in December 1970 provides material for more than mere theoretical discussion. Today, too, revisionism unscrupulously exploits urgent issues that arise in the course of the development of society, modern science and technology, and the revolutionary practice of the socialist countries. It is a sterile flower on the living tree of knowledge.

Two decades have passed since that time, an ordeal for Czechoslovak society. Has it become necessary over this period to reappraise the Communists' views of the essence of those events? No.

The Czechoslovak Communists did not act against their conscience when drawing lessons from the crisis in their country. These lessons are still relevant today, too, though no one can claim that conclusions reached in those years are not subject to amendment... One can discern a common threat in events separated by time, in, say, the economic and political spheres, and also in views. But it is dangerous to conclude that processes separated by the real conditions in which they proceeded or are identical. Even more dangerous are the tempting historical parallels which some find convenient to use to justify their mistakes in the past and the present.

As for the lessons of the Czechoslovak crisis, the fundamental conclusions drawn from them by the Communists are as indisputable today, as they were 20 years ago. Time has confirmed their validity.

Problems, Prospects in Sino-Soviet Border Trade
18120036 Moscow NEW TIMES in English
No 51, Dec 87 pp 26, 27

[Article by Evgeny Verlin and Albert Krivchenko: "To Mutual Advantage"]

[Text]

Border Trade: Problems and Prospects

Some time ago economists in a northern province of China discussed imports of chemical fertilizer. Having tested a Soviet product against an American one, they discovered that it is better suited to local conditions and brings better yields.

According to Chinese economists, this confirms the advantages of direct trade with the Soviet Union for China's border provinces. The high quality of Soviet exports and the low cost of transporting them across the joint border give Soviet products an advantage over those made in the West.

The same applies to Chinese-made goods popular in the Soviet Far East. Some Chinese exports can even compete with Japanese manufactured goods.

Views of Our Partners

According to the Director-General of the Chief Company for Foreign Trade of Heilongjiang Province Gao Yongwen who recently visited Blagoveshchensk to demonstrate his company's new products, it is his company's policy to expand border trade with partners in the Soviet Union. In his view, the economic potentials of territories on either side of the border complement each other, facilitating trade cooperation between the two countries. Indeed, there are shortages of some goods in the Far East of the USSR and enough of these goods are produced in the neighbouring parts of China, which, in turn, are short of products and goods that can be readily obtained from the Soviet Union through border trade.

The Chinese are aware of the advantages offered by border trade. This year China has bought 20 times more mineral fertilizer than in 1983. Our partners in China have proposed that imports of fertilizer be increased to 200 thousand tons, or 50 percent of the entire demand in Heilongjiang Province. The Soviet side intends in its turn to increase exports of goods that are not produced in China's north-eastern provinces. Sea food is an important element in Chinese cuisine, but the Chinese provinces bordering on the Soviet Union have no access to the sea and that is why they would like to buy sea food in this country. Talks were under way in Blagoveshchensk to expand the export of Soviet frozen fish. For their part, Chinese companies have offered Soviet docks and shipyards paints, varnishes, anchor chains and labour-saving

mechanisms that are badly needed. Chinese canned beef and fruit will be a welcome addition to the food market in Soviet Maritime Territory.

Several enterprises geared to trade with China are to be built in the Far East, but standing production capacity is also becoming involved. According to Far Eastern economists, it would be expedient to include in the aggregate output plan the manufacture of parts and components on orders from China and to import Chinese goods to the same sum.

The prospects for cooperation in industry and commerce are also good. The north-east of China has a big pool of labour and there are shortages of labour in the Soviet Far East, which has an especially adverse effect on labour-intensive enterprises. It would be quite logical to process raw materials on our orders in China and assemble some industrial and engineering products of our prefabricated units and parts there.

The vegetable market in the Chinese town of Heihe 300 metres across the Amur from Blagoveshchensk, is far richer than on the Soviet side of the border. Unlike Blagoveshchensk, the town does not import canned pickled cucumbers from Hungary, 10 thousand kilometres away. The Chinese are very good at growing vegetables and a considerable proportion of local produce could be exported across the border. Soviet cooperatives, on the other hand, have a sizeable stock of cheap implements such as rakes, spades, forks, saws, sledge hammers and files which are in great demand in Chinese villages. Cross-border exchanges between cooperative organizations could be very useful indeed.

Border trade makes it possible to involve in the turnover various kinds of goods that the USSR Ministry of Foreign Trade tends to regard as being of negligible economic value, in spite of the fact that they could bring in profits if sold across the border. At the moment the situation is rather a paradoxical one. Trade between the two countries is worth hundreds of millions of rubles, but fails to account for the daily needs of consumers in Blagoveshchensk who want to buy Chinese lamp shades or, for that matter, the wishes of young women in Heihe who prize coats made of thick woollen fabric of a kind with which Soviet stores in Blagoveshchensk are overstocked. This year border trade with China is expected to run to 50 million rubles, as compared with 6 million in 1983, but still stores in the Soviet Amur region do not have many Chinese goods on display.

There has been some progress, though. Following cooperative organizations in Amur and Chita regions, Khabarovsk and Maritime territories, their counterparts in the Buryat Autonomous Republic and Irkutsk and Sakhalin regions have also begun to trade with China. Ten Soviet enterprises of a countrywide significance have also become involved. In the autumn, representatives of Krasnoyarsk Territory and the fishing industry of Maritime Territory attended the exhibition of Chinese goods

in Blagoveshchensk, where one thousand-odd items were on display. Once they have become involved in trading with China, border trade will double every year. It could be worth 100-140 million in 1988. What will sustain this growth?

Over the next 10-15 years the economy of the north-east of China will be interested in importing hardwoods and timber. A large part of its demand for them can be met by Soviet imports, but there are of course limits to the export of timber, as we do not want to fell all of Siberia's virgin forests and we must take our own economic plans, as well as the interests of our partners, into account.

So far, however, Soviet enterprises that are not economically independent have shown little interest in doing business, and there can be no talk about the rational methods of falling timber for export. Chita was the first to establish cross-border trading links with China. They accounted for a small proportion of the turnover. The obsolete and cumbersome managerial system is an impediment to them. Irkutsk joined in relatively recently. Cooperative organizations sell half-logs and planks to China, where the demand for them is great. The same could be done by enterprises in Amur and Chita regions, which have more than enough of such timber.

Much Food for Thought

Economists in Khabarovsk, Vladivostok and Blagoveshchensk share the view that local initiative can be stimulated by letting producers and manufacturers establish real independent cooperation in trade with foreign companies. The foreign trade agency Dalintorg and its subsidiary Dalprigran have been taking the lead up to now. Goods that did not feature on their balance sheets piled up in stores.

Some progress has been made, thought. Recently Blagoveshchensk and Heihe discussed plans for establishing cooperation between their respective department stores. Chinese foreign trade agencies have been exploring the market in the Soviet border zone. As yet our far Eastern enterprises are not active enough. In Vladivostok and Khabarovsk, the complaint is that every transaction, however small, has to be discussed and approved at many levels. Local cooperative organizations made the same complaint, as their goods earmarked for export to China had to be given the go ahead at at least three levels: by the local government, the management of Dalintorg in Nakhodka, and Rospotrebyuz in Moscow. Dalintorg received orders for goods offered by Chinese partners via a succession of intermediaries. On the other hand, Dalprigran's partners in China have for several years enjoyed unimpeded access to any supplier or local market in their own country, and this is why they have more room for prompt manoeuvre.

We asked members of the local government in the community of Pogranichny, a few kilometers from the Amur, whether they can establish direct trading links

with the Chinese city of Suifenhe, where a commercial company has already been setup, and heard the customary, "Who is going to give us the funds?"

Vigorous "horizontal" commerce is on the order of the day, based as it is on the partners' economic independence. For this, the main thing is the enterprise's economic self-management.

Recently a party and government decision concerning the expansion of border trade has been adopted. The Dalintorg (Far East foreign trade organization) has been allowed to conduct trade operations with Australia, New Zealand, Singapore and Thailand. In short, good prospects are opening up. What is needed now is to take practical steps.

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Desert Specialist Describes Visit to China

18070021a Ashkhabad TURKMENSKAYA ISKRA in Russian 17 Oct 87 p 3, 20 Oct 87 p 4

[Article by A. Babayev, USSR Committee on Science and Technology, under "Collaboration. News" rubric: "Ten Days in China—Travel Notes"; edited by V. V. Slushnik]

[17 Oct 87 p 3]

[Excerpts] During the night of the 29th and 30th of June the silver IL-62 airliner lifted off from Moscow's Sheremetyevo-2 International Airport and headed east. My associate from the USSR State Committee on Science and Technology V. G. Poliyenko and I were flying to the People's Republic of China at the invitation of the PRC Academy of Sciences. The purpose of our visit was to become familiar with research, to take part in consultations, to exchange information and to discuss questions related to the coordinated study and utilization of resources from the desert territories.

I.

We met our Chinese colleagues in the city of Lenghu at the CPR Academy of Sciences' Deserts Institute. We have flown here for the first time, aware that the city is located on the western border of China's vast Taklamakan Desert and the southern border of the Gobi Desert. Several hours into the journey, this disposes us to reflections and reminiscences.

China has sandy and rocky deserts, with desert areas occupying 1.49 million square km. Sandy deserts account for 593,000 square km of these desert areas. China's 30 provinces and autonomous oblasts, with their population of roughly 50 million persons, have long seriously felt the effects of the encroaching desert area on their lives. For the last 50 years desert encroachment rates have been represented by the impressive figure of about 1,000 square km per year. Thus desert research,

predictions of desert encroachment processes and the regulation of these processes have tremendous scientific and practical importance for China.

By and large, China's desert landscape brings to mind the deserts of Central Asia and Kazakhstan. We eagerly looked forward to our meeting with our Chinese colleagues. Finally, having covered 6,000 km in 7 hours, our airplane landed at Beijing airport where we were warmly greeted by a representative of the Soviet embassy and the deputy director of the PRC Academy of Sciences' Deserts Institute, professor Tian-Yuyzhao and his son, who graduated from a higher educational institution in the United States.

Beijing seemed too hot and humid for me. At an ambient temperature of above 37 degrees, the relative humidity stayed quite high—at about 90 percent. Overall, it reminded me of the weather in Moscow during the summer, when the temperature rises more than 30 degrees.

From Beijing we had to travel to Lenghu, site of the Deserts Institute, but were first given the opportunity to get acquainted with the capital of the republic. We visited the Soviet embassy, where we were welcomed cordially by Vladimir Pavlovich Fedorov, a counsellor-envoy and veteran diplomat who has worked in China since the 1950's and who told us in detail about the present-day economic, social and political life of the country, of the favorable trends being observed these days vis-a-vis progress towards rapprochement in Sino-Soviet relations and of renewed contacts, particularly in the area of trade, culture, science and technology.

"Armed" with this information, we set out on an excursion about Beijing, a city of 8 million people, 90 percent of whom are Chinese.

We were taken to Tienanmen Square, site of many ceremonial occasions. This square is the location of Mao Tsetung's tomb. A huge portrait of Mao, the only one in the entire capital, we were told, adorns the wall of the House of Government.

Despite its millions of people, the city itself does not appear to teem or bustle with people. There are few motor vehicles, but their absence is made up for by innumerable bicyclists. They literally fill every street and sidewalk to overflowing, and are even, I feel, a hazard to the flow of motor vehicle traffic. Special places have been provided for parking bicycles, but they do not accommodate all the bicycles, whose owners park these light machines right on the street, thus disrupting street traffic.

There is an infinite variety of bicycles. Everyone—large and small—uses them. They are used to convey baskets filled with fruit, vegetables, firewood, suitcases and other loads, and have even been shrewdly adapted to carry logs. There are bicycles with carriages so large that the

bicyclist looks like a dwarf. In brief, it is an exotic scene, one that gives the impression that the population of this capital city rolls along on bicycles before the beginning of and after the end of the working day in countless multitudes. We also noted that the mien of the bicyclists was one of pride, imperturbability and composure, even though they travel along crowded very tightly next to each other.

We were told that it is an easy thing to purchase a bicycle in China. The most popular model is the domestically-manufactured Phoenix, which costs 170-180 yuan. This amounts to two months' wages for a middle-income worker.

There are other modes of transportation in Beijing: trolleys, buses, trams, the metro and taxis. But it was explained to us that the cost for tickets amounts to at least 60-70 yuan per year. Hence the preference for the bicycle. Surprisingly, there are very few models available.

The capital's residents also dress very unassumingly: white synthetic fabric or silk shirts, sandals and trousers of a variety of colors. The low purchasing power of most of the population is still evident.

One's attention is arrested by the plethora of propaganda and documentary soviet posters as well as those for artistic films. Interest in these films has increased greatly. Our Chinese comrades told us about the difficulties of obtaining tickets to such films as "Our Dawns Are Silent", "Moscow Does Not Believe in Tears" and "Office Romance".

We also had brief meetings with young people. It seemed to us that today's young people know very little about the Soviet Union, but that they are vitally interested in the Soviet way of life. We were told that in the last 20 years, the number of young Chinese men and women studying in Soviet VUZ's has diminished sharply, but that the number attending such institutions in foreign countries has grown. In 1987, China will witness the return of about 25,000 young specialists who have graduated from higher educational institutions in the United States. There are presently few young people who know anything about the Russian language, where a great many know English. Even the young people who have graduated from Russian language departments know the language very poorly. But interest in the Russian language has increased greatly in the last few years. Many people are quite open about their desire to visit the Soviet Union and to get to know the Soviet people.

Beijing is a city of new construction projects. Here, there and everywhere one sees the frameworks of multistory apartment houses and administrative buildings. According to the information we obtained, as much housing was built in the PRC during the 6th Five-Year Plan period as was built during all the years since the formation of the republic. But there are small superannuated single-story

houses cheek by jowl with the new construction projects, which confirms the fact that the housing problem is far from being solved. But we were assured on good authority that major advances have been made in this direction during the last eight years.

Our excursion the Great Wall of China provided us with an unforgettable impression. The wall is about 6,000 km long, 8 m high and 6 m wide. Soviet people know a great deal about the story of how it was built. How does it look now? In places it has been damaged by time, and some of its bricks were torn out during the time of the Cultural Revolution. We were told that the khunveyoin [possibly Red Guards] had barbarically destroyed some of the country's most unique cultural and historical monuments as well. It was not without a certain amount of risk that some cultural workers managed in a variety of ways to hide and thereby save some unique paintings. Now they have once again taken their place in the nation's culture.

We try to leave the pleasant impressions of our acquaintance with Beijing deeper in the recesses of our memories as we fly on board our Soviet AN-24 to Lenghu, site of the main headquarters of the Chinese science of desert studies, the Deserts Institute. Lenghu is 1,800 km from Beijing, i.e., a 7-hour flight, with two stops.

Lenghu is located in Hansu Province. It is very hot here during the day—plus 40 degrees, with cold nights. This is very much to the point: one needs to summon all one's strength and collect all one's thoughts prior to addressing the international seminar now underway here.

[20 Oct 87 p 4]

II

"The USSR's Contribution to the Struggle Against Global Desert Encroachment" was the topic of the report I gave the next day in Lenghu. Our foreign colleagues related fairly interestedly to the methods and approaches used by Soviet science to develop deserts, which we use as indicators and criteria in the struggle with desert encroachment. This interest was certainly very pleasing. After that, the program of scientific and consultative intercourse continued, first of all, of course, in the Deserts Institute itself.

The director of the institute Professor Chzhu Chzhenda and his deputies, professors Liu-Shu, Tyan-Yuyzhao and Di-Khintin obligingly familiarized us with the enormous facility which is their institution, and introduced us to their fellow workers. Most of those working here are young graduates of Lenghu University. They are studying English, but in the last 2-3 years have begun studying Russian as well. They know little of our republic, but obtain information on Ashkhabad and Central Asia from the journal "Problems of Developing the Deserts", published by the TuSSR Academy of Sciences.

We also had a memorable, though brief, conversation with Khu-Mun-Chzhun, a graduate student of geomorphology. Proudly he took Russian-Chinese and Chinese-Russian dictionaries out of his briefcase, explaining that he has begun a persistent study of the Russian language and can already read a little from Russian texts. I asked him which books printed in the USSR dealing with the problems of desert encroachment he reads. He showed me a few, printed as far back as the 1950's. Soviet desert studies have made major advances since those days. When I began telling all of them this, their eyes lit up and they listened with eagerness and tried to write it all down in their notebooks. Yes, it was then that I thought that we need more contact among ourselves.

This thought was confirmed once more when I got to know the editorial board of the journal "China's Deserts". Chzhun-Yanzhun, one of the journal's young associates who graduated from the Russian language department of Lenghu University eight years ago complained that as he had no way to practice it, the language he had learned was of little use to him. He said that he dreamed of visiting the Soviet Union and speaking Russian with the Soviet people.

Thereafter, we heard similar words and wishes from a great many of the people with whom we met during our stay in the CPR. We also heard expressions of sincerity and the desire to know as much as possible about the Soviet Union and the life of the Soviet people. We did not in fact meet only with scientists, but with simple workers as well. And how strange it was to hear, "Are you really from the Soviet Union?", a question they asked with a tone of astonishment, but also in a whisper, but they cordially invited us into their homes where we were treated to traditional Chinese jasmine tea, watermelon and flat cakes. Workers from the institute, comrades from the elder generation, joyfully recalled the names of Soviet scientists who had visited China and helped establish and develop desert studies there. It goes without saying that we enjoyed this. Kind words always wash away the barriers of estrangement and help to restore friendship.

The next day we went with the other participants in the international seminar out to the Shapatou experimental station, which is located some 1,200 km northwest of Lenghu on the Khuankhe River, to which the railroad leads. The scientific station was set up in 1957 with the assistance of M. P. Petrov, member of the TuSSR Academy of Sciences, A. I. Znamenskiy and B. A. Fedorovich, all Soviet desert specialists. Their photographs have been placed in the scientific station's museum. The station is involved with the fastening, forestation and agricultural development of wind-blown sands. However, the work now being conducted here represents a stage which has already been passed by Soviet aridlands specialists. The Chinese desert specialists consulted with us and asked a great many questions in this regard.

An in-depth discussion was held on more profound scientific problems and the prospects for developing desert studies. The idea came to me unintentionally: it would be an excellent idea to conduct a goal-oriented program of joint scientific operations, both in the USSR and in China. We could thus achieve unique scientific and practical results important to both sides.

After our businesslike talks, we were given the chance to visit one of the former communes, located within 12 km of Lenghu, to gain a first-hand acquaintance with the life of a peasant farm which was transformed in recent years. The farm director, a young round-faced thirty-year old woman, met us with a smile. She was accompanied by a lean man about 70 years old. He was the former director of the commune, now retired, but still helping the young director, who was only recently appointed to the position, as much as possible.

The farm raises vegetables, fruits, grapes and melon crops, and works on a family contract. Each able-bodied family member has 450 square meters of irrigated land. The family is paid for regular deliveries of their farm products to the state and is allowed to sell surplus products as it pleases—at market, to trade organizations or to its neighbors. We were told that following the changeover to the family contract, the family income has increased more than 3-fold in six years, and now comes to more than 1,000 yuan per year. The former director receives a pension of 65 yuan per month, and a family working on a family contract earns 90 yuan. If it so desires, a family is allowed by law to use the labor of up to 8 hired workers in for seasonal work. The farm has kindergartens, children's nurseries and other social benefits at its disposal.

As was pointed out to us, the family contract as used in the country's agricultural sector is proving its value. The peasants are better fed and satisfactorily clothed. Their single-story wattle-and-daub houses are furnished with everything necessary. But the peasants' first concern is the care of the land. There is still very little farming machinery available, and almost every type of work—sowing, plowing, harvesting etc.—is done manually. And in this regard, as we were told, the peasant himself rejects heavy agricultural machines in the belief that while on the one hand they make his work easier, on the other hand they lead to degradation of the land, and consequently to the loss of a portion of the harvest. Machines are resorted to only when plowing or harvesting need to be done as quickly as possible. Irrigation water is brought to the fields through concrete canals. The irrigation is closely monitored so that the water does not overflow or flood the fields. We also noticed that all the fields were planted around with two- or four-row tree windbreaks. The growth of the trees is looked after more closely than the irrigated land itself. This is understandable in view of the fact that in arid zones tree windbreaks ensure abundant harvests and prevent the soil from blowing away. I believe this method deserves the highest evaluation and should be used extensively in our republic as well.

The lady-director and her assistant invited us to try some juicy melon. Bitterly, the pensioner recalled the gloomy years of the "cultural revolution". "But now", he said, "we live with no fear of tomorrow, and have no thoughts of hunger and poverty. We need peace. We welcome the warming of mutual relations with the Soviet Union and need to preserve our brotherhood for ages to come."

The woman director was silent during most of the conversation and smiled while never taking her eyes off us. I asked for her thoughts. She replied, "I have heard a great deal about the Soviet country and its people, but I have never seen any of them. You are the first. I want peace and friendship with the Soviet Union for always. Come and visit us more often and stay longer. My dream is to see the Soviet Union with my own eyes."

China's present-day rural population amounts to 800,000 people, even though the policy of limiting the number of children per family is still in effect in all parts of the country. There are many posters in the cities calling for couples to have only one child. The policy of providing families with moral and material incentives is in effect. If a family fails to limit its number of children, it is deprived of the benefits prescribed by the state for single-child families.

For a long time, we were told, Chinese agriculture was in a slump. The rural inhabitant was haunted by hunger and poverty. Every year the country imported millions of poods of grain. This situation, which worsened from year to year, forced the country to take extreme measures in order to change the course set upon during the time of the "Great Leap Forward" (1958) and the Cultural Revolution. In 1980 China rejected the tremendous large-scale communes, administration by injunction and wage-leveling. A great many measures were taken to stimulate trade, and to provide the incentive for developing all areas of agricultural production. But the primary factor in the reform was the transition to the contract system.

Arable lands were distributed among families who had engaged to farm by the family contract, and in some places on the collective contract. Each family member, regardless of age, was given a 16-year lease on land with the means of production made available to them. The family is obliged to produce a certain number of products, and pays corresponding taxes. The planning of production of agricultural products was no longer done from above. The directive and planning organizations only draw up prospective plans and determine trends in the population's consumption of foodstuffs. If a peasant is lazy and fails to meet the conditions stipulated in the contract, he is given no help from above nor is he provided with fertilizer, agricultural implements or fuels and lubricants at state prices (all of which are much more costly at market prices).

Nowadays there is direct evidence of these changes. China is providing enough grain and foodstuffs for the first time in many centuries. For example, 390 million t of grain crops and 3.5 million t of cotton fiber were produced in 1986, a year which saw meat, milk, wool etc. production increased by more than 10 percent over the 1985 figures. Today China annually produces 350 kg of grain and 17 kg of meat and fish per capita. In a discussion at the PRC Academy of Sciences, it was mentioned that there are presently more than 5 million tractors and almost 0.5 million motor vehicles being used in the Chinese countryside, with almost 85 percent of the equipment owned by the peasants themselves. At the same time, the agricultural sector still has a great many problems. Among those hindering production the most are the problems associated with farm management methods, manual labor, soil depletion and the swamping of lands. Peasant homes lack necessary municipal conveniences. The peasant, and even the worker, is in no position to purchase a private automobile, to own several pairs of shoes or suits of clothes etc., but there is noticeable progress overall.

On 6 August, a reception was arranged in honor of our delegation. It was organized by the government of Hansu Province and the mayor of the city of Lenghu. In his address to the reception, Comrade Khand Vep Fan, the city's deputy mayor said that he was honored to transmit via A. G. Babayev a request regarding Lenghu's wish to become Ashkhabad's twin city. Lenghu and Ashkhabad are located on the edge of great deserts, have very similar life traditions, specific desert climates and have similar ethnographies and architecture. I promised to transmit this wish to our ambassador in Beijing, Comrade Troyanovskiy and to First Secretary of the Ashkhabad Gorkom of Turkmenistan Kh. Akhmedov, as well as to Chairman of the Ashkhabad Gorispolkom A. O. Bayramov, which I did both in Beijing and after arriving in Ashkhabad. It seems to me that the fraternization of cities is the most important factor in strengthening friendship between peoples. Nowadays everything depends on how this is resolved.

At the conclusion of the meeting we signed a memorandum of mutual understanding between the TuSSR Academy of Sciences Deserts Institute, represented by the author of these notes, and the PRC Academy of Sciences, and defined those prospective scientific problems, the resolution for which we deemed scientific collaboration advisable.

Our ten days in China flew by in a whirl of affairs and getting to know, even if only a small portion of this great country, as if they were a single instant. Before us—there is work to do in the name of friendship and peace.

Komsomol Representative Reports on Youth Delegation's China Visit

18070052 Moscow KOMSOMOLSKAYA PRAVDA in Russian 26 Dec 87 p 3

[Interview with S. Chelnikov, chairman of the KMO SSSR [Committee of Youth Organizations of the USSR], by A. Lopukhin: "A Step Halfway"; first paragraph is editorial introduction]

[Text] A delegation of the Committee of Youth Organizations of the USSR recently visited the PRC at the invitation of the All-China Youth Federation. S. Chelnikov, chairman of the KMO SSR and leader of the delegation, tells about the results of the visit.

[Question] How significant is this visit from the standpoint of prospects for developing relations between Chinese and Soviet youth?

[Answer] Our delegation's trip to China was the first in quite a long period of time, and the fact that it marks the resumption of regular contacts between Soviet and Chinese youth organizations is its most important result. This fact alone says a great deal, and it primarily reflects the improvement in relations that is taking place between our countries now.

To all appearances, we represent the generation of Soviet youth which is bringing modern China to light for the first time. We have a great deal to learn about each other. The USSR and China are the two largest countries in the world that are following the path of socialism. The problems and tasks which the young people in both countries are encountering are similar in many respects, although there are specific national features as well, of course. Our common goals are also exactly what form the basis for a fruitful and substantive dialogue oriented toward specific concerns.

The KMO SSSR delegation was received by Huang Hua, deputy chairman of the Standing Committee of the National People's Congress. This attests to the fact that the country's leadership as a whole supports the development of relations between the youth of both countries. Talks with the leadership of the All-China Youth Federation affirmed the two organizations' mutual desire to advance to a new level of cooperation. We can only speak tentatively about broad contacts today, of course. But I think that this future is not far off.

[Question] Clearly, 10 days is a very short period of time to become familiar with such a vast and interesting country. Nevertheless, what is China like today, and what role are the youth playing in those turbulent changes which are now taking place in the country?

[Answer] The words "turbulent changes" are quite accurate, I think. The changes under way in China now affect all aspects of life, including the activity of political institutions, organization of the economy, and the development of democracy.

Nearly one-third of the country's 1 billion people are young persons 14 to 28 years of age. For this reason, we can say that the youth are making an important contribution to the reforms that are under way. We were greatly interested in the work experience of the All-China Youth Federation in involving the young generation primarily in the country's economic development.

We saw a country which fully realizes its industrial potentialities; we saw a country which is actively assimilating modern technology and is confidently proceeding on the path of economic development, guided by the theoretical foundations of socialism and with consideration for its specific national character.

[Question] You said that you saw a great many similar problems facing Chinese and Soviet youth during the trip. Can you give us specific examples of such problems?

[Answer] I have my notes on a conversation with the leadership of the All-China Youth Federation. Let us see which aspects the federation's attention is focused on now. Expanding youth's participation in carrying out economic and political reforms. The same problem was discussed at the Second Plenum of the All-Union Komsomol Central Committee which was held recently.

The question of increasing the role of youth in development of the spiritual area. Cultivating a thoroughly developed personality. Improving democracy, involving youth in state affairs, and developing democratism in youth organizations. Resolving national problems: there are 56 nationalities in China, and there are a considerable number of problems in this area. Improving the social and everyday living conditions of the youth. The principal objective, in the Chinese comrades' view, is to create the machinery and services which will enable the youth to resolve various problems independently. There is also much that is similar in our organizations' international activity.

We used up many notebooks during the 10-day visit; we were convinced that the youth organizations of the two countries have much in common structurally, in the organization of political tasks, and in their conception of the future of their organizations.

[Question] The thought was expressed at many meetings in China that the youth of both countries have something to learn from each other. Could you give us specific examples of those areas primarily of interest to us?

[Answer] I personally think that we could look more closely at the Chinese comrades' experience in their work with the categories of youth who are playing a leading

role in carrying out the scientific and technical revolution. An association of young employers and managers became part of the All-China Youth Federation nearly 3 years ago, for example.

The All-China Youth Federation has undertaken the task of providing assistance to this youth group and it looks for what is necessary to develop in their activity from the standpoint of the interests of a socialist society. I think that this makes definite sense under our conditions as well. Don't we really have young production managers, administrators and specialists in the foreign trade area who would only benefit if we helped them organize an exchange of experience between them and their colleagues in other countries?

I will note that the Chinese comrades also expressed considerable interest at all our meetings in the course of restructuring in the Soviet Union. They are quite familiar in China with the details of our reforms. Many of our problems are being studied closely there and certain solutions found in the Soviet Union are being utilized.

[Question] The KMO SSSR delegation visited the Shenzhen economic zone, where there were many interesting meetings at which the question of work with youth at joint enterprises was discussed. Is the Chinese comrades' work experience in this field of interest to us?

[Answer] The visit to one of the four economic zones was particularly interesting. This is a region where a wide range of construction is rapidly under way and the foremost sectors are being developed with the use of foreign capital and technology. Incidentally, this is a very youthful region; the average age of workers in the Shenzhen special economic zone is 24. And the kind of conditions in which these young people are working and how they regard the solution of socially meaningful and political tasks also form the basis for the educational work of the federation and the Komsomol under these special conditions. They told us that in the political sense, the same laws and the same policies that apply throughout the country are in effect in these zones. But I believe that separating politics from the economy is rather complicated, and we saw a number of manifestations in Shenzhen which attest to the emergence of certain elements of popular bourgeois culture which are not taking root very well in Chinese national soil, by the way.

[Question] You had many meetings with different youth organizations during the trip. What was your general impression of Chinese youth?

[Answer] I think this is a generation of persons who are thinking in a modern way and are oriented toward the common ideals and common values which are sensed quite easily in Chinese society. I believe these are persons who are dedicated on the whole to the concepts of socialism and are prepared to work for its future. I realize that any generalization is conditional in nature. China is a vast country. Certain polarized phenomena are inevitable on such a scale, of course. Nevertheless,

there are also features which unite all the youth: love for their country, respect for its history, and pride in China. There is also the realization that there has been much sadness in this country's history, particularly during the "Cultural Revolution" from 1966 to 1976.

This is now a country that is progressing rapidly; it has come far since the Third Plenum, 11th Convocation, of the CPC Central Committee (1978) in economic development, and it sees prospects for development 10 and 15 years ahead quite clearly as well, it seems to me.

[Question] There were no official contacts between our youth organizations for nearly 30 years. Was it easy to find a common language during the many official and unofficial meetings in China?

[Answer] Easier than I had thought. By all appearances, there is a certain burden of traditional conceptions, what we call stereotypes, for both us and our Chinese comrades. But during the first minutes of contact, as a rule, the natural sensation of things that are new and unfamiliar has been overcome. To a large extent we became familiar with each other as colleagues and with problems and approaches to their solution.

[Question] How do you view the prospects for development of relations between Chinese and Soviet youth, in a year or two, let us say? It is difficult to see far ahead, of course. All the same, what would you like to see in the near future?

[Answer] Now, most likely, we have to start from what has been achieved. We made arrangements for a regular exchange of delegations between the KMO SSSR and the All-China Youth Federation, for direct contacts between our student organizations, and for the development of tourism contacts, as well as information exchange. I believe that this is not too little for a start. In the final analysis, this is a first step, and as we know, this is precisely the one that is most difficult.

[Question] I think this issue of the newspaper will also reach our Chinese comrades. What would you like to say to them through *Komsomolskaya Pravda* to continue the dialogue that has begun?

[Answer] I want to send our Chinese comrades and friends sincere wishes for success in all major undertakings in which the youth of China are now involved. I hope that relations between the youth of both countries will be fully restored in the near future in all their diverse forms, based on mutual respect and in the interests of our peoples.

Use of Public Opinion Polls to Aid Reform in China Reported

18070029b Moscow IZVESTIYA in Russian 15 Nov 87
p 5

[Article by IZVESTIYA'S own correspondent Yu. Savenkov under the "Letter from Beijing" rubric: "Through the Periscope of Sociology"; first paragraph is editorial introduction]

[Text] Problems of improvement in socialist democracy were actively discussed at the 13th CPC Congress which concluded recently. In particular, this concerned the development of such methods as consultations and dialogue between management employees and their subordinates and providing a broad range of persons with the opportunity to take part in discussing the most important problems in the country's development. Public opinion polls, which are becoming an integral feature in China's way of life, are one of such effective methods.

This was the largest sociological poll ever conducted in China. It was held in 324 out of China's 365 cities. A microscopic section of Chinese urban society—4,244 persons of various ages and occupations—was carefully selected. Two professional organizations conducted the poll: the Center for Social Research attached to the State Committee on Reform Matters and a consultative agency within the framework of the Science and Technology Committee.

In contrast to the previous polls, in which state employees often acted as interviewers ("they asked questions in a hinting manner," the sociologists say), young sociologists asked the questions this time. "People were more uninhibited and the results were more reliable," writes the *China Daily*. They responded to 140 questions (family, social esthetics, culture, ideology, living values, evaluation of prospects for development, the political climate, and so forth).

The final results of the poll will be known at the end of the year, but some preliminary findings have already appeared in the press. The part of the poll which analyzes the Chinese national character evoked considerable interest. How are the traditional qualities of the character blended in the process of renovation which affects all aspects of Chinese society? The sociologists named the 10 most typical qualities of the national character, out of which the three predominant ones had to be chosen. The majority selected diligence, thrift and realism. From the sociologists' viewpoint, Chinese realism is a multifaceted phenomenon which is deeply rooted. It is related to the solitary existence of the small peasant who has pinned his hopes on his persistent labor over many years and the mercy of nature, which (oh, heaven!) will not spoil the harvest. (It is unlikely that those who follow such psychology will accept such modern forms as advertising for goods, the sociologists believe.)

Among the factors which restrain the display of initiative and individuality, conservatism plays far from the least important role, naturally. The researchers believe that finding a point of contact between the requirements of modernization and the individual's psychology, living values and conduct will entail difficult work. The poll showed that different sections of society evaluate social improvements differently. The question was asked: Do you prefer the kind of job that provides a large income and high social status but which requires persistent work and involves a risk that you may lose it, or do you prefer work that is more relaxed and involves no risk, but which has no particular prospects? More than 53 percent chose the first alternative.

Several years ago, the sociologists believe, the results would have been just the opposite: "The people are becoming less conservative." But let us direct attention to the fact that 39 percent preferred the peaceful path—the psychology of "a large kettle" and "a bowl of rice guaranteed" obviously has not vanished into the past. The poll showed that young persons and those with a higher education are prepared to take a risk more often than others, and that women and older men are prepared to do so less frequently.

Alternative priorities in life were offered. Most participants chose the "happy family" category, then "the opportunity to display one's talent" (as a rule, those who selected it had a high level of education). The conclusion is inescapable: the first step toward ambition, activity and enterprise (these qualities are essential to carry out the reform decisively) is education. Another conclusion of the sociologists is categorical as well: such qualities of the national character as diligence and thrift can be utilized most effectively only by intensifying the reform.

The sociologists directed attention to the fact that the tendencies to "present a gift" and to "look well in the eyes of another" are widespread in the society as before. The inclination to be "tactful" in business transactions leads to incidents at times. A dispute between two factories was widely discussed 2 years ago. The first one, which made shirts, ordered a large batch of ties from the other one. Two important factors were omitted in the contract: the standard of quality and responsibility for violation of the contract. ("Why hurt a partner's feelings?" the sides reasoned.)

Three weeks after receiving the first batch, the customer sent the supplier a letter: "The quality of the product is not in accordance with the standard; we will not pay." The supplier did not agree and brought legal action: "A rule has been violated; a claim must be made within a 10-day period." The court ruled that the customer is obligated to pay for the batch that was received, minus payment for the defective goods, plus a fine for violating regulations. Let the remaining batch of ties remain with the supplier. The thought was expressed during the court session that the law, not feelings, must be followed in business.

The sudden wave of reform has challenged the traditions, stereotypes and prejudices. (Meng Fanhua), one of the directors of the Center for Social Research, states: "We inherited the separateness between society and the state from the old China. Certain social functions which have not matured have remained means for the state to exert control over society. This has unavoidably led to the weakness of social functions and excessive growth of state control."

In the new stage of important socioeconomic transformations which Chinese society has embarked on in recent years, an insistent demand has arisen to find out how the various sections of the population regard the reforms. Wan Li, vice premier of the State Council, has stated that in order to make democratic scientific decisions, a healthy system of consultations, evaluations of control, and feedback are needed to guide those who make the decisions. Previously, many officials made decisions which were based most often on their own experience.

Thus the idea of developing a system of public opinion polls emerged during the course of the reform. At first the press assumed this role, but these polls were sometimes amateurish. A professional network of sociological research gradually began to be established. It originated in a struggle with prejudices. Indeed, quite recently, the weekly *Beijing Review* wrote, public opinion polls were declared to be "a bourgeois method for which there is no place in socialist China."

Perhaps two professional organizations were most active in making their results known. One is within the framework of the Research Center on Agrarian Development Problems attached to the PRC State Council (it has just been created), and the other, which we mentioned earlier, is the Center for Social Research attached to the State Committee on Reform Matters. It conducted 16 polls on the fundamental problems of development, including reforms in prices and social security. The overwhelming majority (95 percent) expressed their willingness to cooperate. Such unanimity surprised even the sociologists at first. More than 64 percent were satisfied on the whole with the reform, although many expressed concern about rising prices and the possible widening of the gap between the highest and lowest income levels. (The last poll disclosed that 34 percent believe their personal incomes have increased, 53 percent said their incomes are unchanged, and 13 percent indicated that their incomes had declined.)

The poll of 2,000 industrial enterprise managers was interesting. After assessing prospects for development as "bright" on the whole, they identified many problems which arose this year in the course of the rapid industrial growth. Forty percent predict a further increase in orders for products, but 80 percent believe that production growth will be limited by numerous unfavorable factors. Textile industry employees complain about the shortage of raw material. Machine builders are displeased by the

frequent demand fluctuations in the market. Chemical industry workers are unhappy about the lack of electric power, and food industry workers are raising claims about their equipment. Three out of four of the managers polled noted that it is very difficult to acquire the materials needed for production.

Asked about their attitude toward reform of the political system, 94 percent of those polled in a number of large cities in July felt that reform of the political structure is necessary, though 6 percent had no clear idea how to carry it out. What are the changes that those polled want most of all? To reduce the staffing of administrative institutions and to clarify their functions. The system of lifetime appointments and the lack of an efficient system for supervising government employees are sources of dissatisfaction.

(Yang Guansang), one of the directors of the Institute of Social Research, states: "Polls will be conducted regularly now. Our objective is to assist those who are shaping the policy of reforms and to develop a system of feedback."

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Growth of Private Sector, Small Businesses in China

18070043 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 28 Nov 87 p 3

[Article by Wu Xiaojun (XINHUA special for Sotsialisticheskaya Industriya), "The PRC: the Private Sector and the State"]

[Text] Beijing—There is a small custom tailoring shop on Beijing's Xuanwai Street, where there are always a great many customers. The shop is owned by 25-year-old Wang Guiping. Having obtained a license to conduct an individual economic activity in 1983, he built a hawker's tray right on the sidewalk, and has been using it to take orders for sewing clothing. He now has at his disposal a real shop made from two prefabricated houses and equipped with a hemming machine and two stitching machines.

Wang Guiping works 10-12 hours a day. His monthly income after deductions for taxes and municipal expenditures comes to over 250 yuan. This is 3-fold greater than the wages earned by his school mates, who are now employed in industrial enterprises.

"Among the private traders, I consider myself a poor man," says Wang Guiping. "Be that as it may, without help from the authorities, I would never have been able to live as I do now."

Wang Guiping is one of many millions of Chinese involved in individual economic activities. After China adopted a policy in 1978 of expanding its ties with the

outside world and enlivening the economy, these activities, which had long been restricted, underwent extensive growth. There are presently over 12 million family farms in the industrial trade sector. These farms employ more than 18 million people. This is roughly 90-fold greater than for 9 years ago.

Last year, the financial resources from individually-owned farms in cities and the countryside amounted to almost 18 billion yuan. Roughly 9 million private trade, service and public catering enterprises were set up, comprising 81.6 percent of the total number of such enterprises. The individual sector makes up one-quarter of the total volume of retail trade commodity circulation, and is now an integral part of the national economy.

The successes in the development of private business undertakings stem from social demand and are inseparable from the incentive and support measures provided by state political directives.

With the development of the economy and the growth of the population during the thirty-plus years of the PRC's existence, state trade, public catering and domestic services enterprises have failed increasingly to meet increasing public demands. It became quite a problem to dine, have a dress made or have a watch or television repaired.

As stated in the PRC constitution adopted several years ago, the state authorizes private business ventures within the framework established by law, and under the single control of lower-level urban and rural organizations, but forbids exploitation of the labor of others.

The existence of the family farm in socialist China, where the national and collective sector dominates the economy, is necessary and possible because it covers those bottlenecks which the state is unable to eliminate.

State commercial and industrial administrative management is in charge of developing the private sector.

"The individual sector is being developed according to a unified plan," says Wang's co-worker, Zhou Boyong. "Growth is supported for those sectors which are inconvenient for state involvement. They include retail trade, minor repair, public catering, sewing clothing and shoes, and delivering fresh vegetables and fruit. It is primarily those persons who have professional know-how who are allowed to open a private enterprise."

Beijing is an excellent illustration of the scope of private labor activities. The city has over 7,400 restaurants, cafes, snack bars, bars and buffets. Over 6,300 of them were opened by private individuals.

The Chinese capital is called the city of bicycles, as there are 5.5 million of them here. Some 92 percent of the bicycle repair stations belong to the private sector.

And thanks to the development of this sector, the people have succeeded in having a less complicated and more comfortable life. On the other hand, the population's job-placement opportunities have grown considerably which, in China, is a major problem. From 1981 through 1985, some 3.6 million persons found work in the private sector. This comes to 10 percent of all Chinese who have found employment. The state was thus saved a tremendous amount, since a minimum of 16,000 yuan in capital outlays is needed to create a single work-place.

Moreover, the development of the private sector has opened up a new source of tax revenues. In just a few years, the state has earned 10 million yuan.

As family farms were being developed, the question of whether their owners could hire workers came up. The "Temporary Statutes Concerning Individual Industrial and Trade Enterprises", published by Gossovet in August, permitted the hiring of one or two helpers and from three to five students, as long as the total did not come to more than seven persons. In fact, however, the authorities do not object if this number is exceeded. This stems from the desire to shed light on how the hiring of workers affects private enterprises in a socialist country.

Economists have disputed this question on more than one occasion. Many feel that hired labor needs to be given a definite place in the economy. The private sector, they argue, has a very brief history and is small in scope, and must be given the opportunity for further development. In the second place, the family farm represents a broad area for job placement. Finally, the difference in the income of the owners of private enterprises and the hired workers is not so great as to be called exploitation by any means.

What is the procedure for setting up private enterprises?

"Any unemployed citizen who wishes to involve himself in an individual economic activity can submit the appropriate application," says Zhou Boyong. "The application is submitted along with a resolution from the street committee or some other department at the applicant's place of residence, for the approval of the local commercial and industrial administration. With their sanction, the applicant is issued a license, which must then be visibly displayed."

To encourage growth in the private sector, the authorities are allocating sections of land to self-employed peasants. For example, soon after he had submitted his application, the block committee made a section of land facing onto the street available to the tailor Wang Guiping. Last year Wang Guiping was given permission to add another room onto the shop. Its area is now 11 square meters.

At first, traders of retail agricultural products operated primarily from portable hawkers' trays. Nowadays, retail trade is increasingly conducted in markets or nighttime bazaars set up by the local administration.

Thus far, 640 retail trade centers have opened in Beijing, and half of these are enclosed structures. At the Beitai-pingzhuang, the city's largest market, which was built three years ago by the municipal authorities, 500-600 people work year round selling at retail, with 2,000-3,000 self-employed farmers involved in wholesale trading. An annual tax of 80-90 yuan is levied on each retail location. As for net income, the average monthly proceeds amount to 400-500 yuan, with some businesses taking in thousands of yuan and more each.

Nowadays, one can purchase vegetables and fruits year-round in Beijing. Where they used to be available only in the summer and autumn, they are now shipped from the South in the summer and the beginning of spring thanks to direct ties with the producers. The Beitai-pingzhuang Market alone has established such ties with 20 provinces.

In order to protect the legal rights of the self-employed farmers, aside from the fact that these are rather clearly defined in the constitution, criminal activities inimical to their interests are suppressed with utmost severity in China. On 27 April of this year, a railroad car loaded with watermelons from Guangdong was plundered at Beijing's Yongdingmen Station. The owner suffered 14,000 yuan in damages. On 11 June the court passed severe sentences on the eight criminals, giving two of them life sentences. In addition, measures have been taken to deal with speculators who buy up color televisions, refrigerators, cigarettes and famous-brand wines and then resell them at exorbitant prices.

However, only isolated individual peasants have been noted taking part in this sort of activity. The overwhelming majority of them are honestly involved in their chosen work, providing a benefit for their customers, themselves and the state. And this is precisely the reason they have the full backing of the state.

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Agricultural Reforms in China's Sichuan Province Reported

18070046a Moscow SELSKAYA ZHIZN in Russian 1
2 Dec 87

[Article by Yuriy Kornilov, Sichuan Province - Moscow:
"Base for Reforms"]

[1 Dec 87 p3]

[Text] Sichuan. This is a vast province located in the heart of China, in the basin of the deep Yangtse River, an area which quite properly is considered to be the country's granary. Together with a group of special TASS correspondents invited to China to the KNR [Chinese

People's Republic] by the Chinese Information Agency Sinkhua, I traveled over more than 100 kilometers of roads in Sichuan Province and everywhere I saw brightly colored, rectangular and thoroughly tilled fields and the shops and smokestacks of small enterprises; the grey slate roofs of the peasant homes glistened through the leaves of fruit trees. It was 9 years ago that Sichuan became the chief bridgehead for realizing the large-scale economic reforms of a revolutionary nature, carried out in the KNR.

"Our Chinese land has been and continues to be public property and yet we are convinced that the right to land ownership is in no way identical to the right to manage the land" we were informed in Peking by one of the leaders of a Committee for Reforming the Economic System of the KNR Gossovet [State Council], "This right of management is now being extended to those who work directly on the land and till it. In actual practice, this means that the national communes, which were based upon wage-levelling and command-bureaucratic managerial methods, are being replaced by a system of contractual responsibility, which already encompasses 98 percent of the peasant families. In Sichuan, which already occupies first place throughout the country in the harvesting of rice, tung nuts, sweet potatoes and rape and in the numbers of cattle, hogs and poultry, the manner in which the Chinese peasantry lives is especially clear today.

Contract for Today and Tomorrow

A television antenna can be seen towering over the home of peasant Gun Guyaysi — it testifies to the fact that before us lies a very prosperous farm. The owner of the home, a lean and dark-complexioned individual wearing a light blue jacket, greets us at a pair of brick gates formed in the shape of an arch on which a sign is clearly visible: "Peace and Prosperity Abide in This Home." He proudly reveals his carefully tended plot of land: rice, cabbage, mandarin trees and so forth.

"We have an excellent harvest on hand this year. If the market prices do not fall, our income will be very good."

Following the liquidation of the communes, Gun was one of the first to express a desire to sign a contract for working the land. In accordance with the established norms, he was allocated an area slightly larger than 6 mus (one mu equals 0.067 hectares) at the rate of 0.9 mus per family member. In the contract which Gun concluded with the state for a period of 10 years, it was accurately set forth the amount of grain that he was obligated to turn over to the state in accordance with firmly established purchase prices (later the deliveries in kind would be replaced by monetary payments). The remaining portion of the crop was left at the complete disposal of Gun and his family. They could sell their surplus products to the state procurement organs, receiving in exchange for example, on the basis of firm prices, fertilizer or seed, or they could ship their products to the municipal market.

"Last year our family's income amounted to approximately 6,000 yuan and this year we expect to increase this amount by 500 more yuan" stated Gun, "But this, if you please, is the limit: indeed we are already cultivating literally every scrap of land."

And this is true: although the family contract has made it possible to raise the crop productivity within a relatively brief period of time, it nevertheless clearly demonstrates today the limits of the family's potential. In order to realize a further increase in the return from the land, it will be necessary — and many of my Chinese friends agree with me on this point — to combine the efforts of peasant families and convert over to modern methods for agricultural management, based upon the use of modern equipment, mechanization and chemical processes. In other words, a glance into the future obviously reveals that the family contract will not be adequate and that other contractual forms will be needed: team, brigade. These forms are already being introduced into operations today in Sichuan and a number of other provinces throughout the country and yet in my opinion they are being introduced all too slowly. Why?

"After the decision was made to conduct reforms throughout the country, we began appealing to the peasants to build new and high quality homes. However, for a long period of time nobody undertook to take this step in the feat that they would be accused of being partial to private ownership" recalled Li Yuvzn, a leader from Tsuntsin District, "Finally, a well known beekeeper in our district took out a loan and built a fine home within a brief period of time. And what happened? A few days later rumors surfaced throughout the district indicating that the beekeeper had been arrested and sent off for "re-education" as an "alien element." A peasant meeting was convened to which the beekeeper was invited. The presidium publicly congratulated him on the building of his new home. It is now obvious that such distrust and caution on the part of the peasants with regard to measures enacted from "up above" are clearly apparent. However, if there is one important lesson that we have drawn from the past it is that we must take into account the desires and attitudes of the peasant masses when introducing new innovations, even those which are considered to be of a very positive nature. And this means that the cooperative forms of management can be successful only if they are introduced into operations on a completely voluntary basis — only if these conditions are met will the peasants themselves recognize the advantages offered by these forms.

Peasant Lyu Hurries To the Factory

Not far from Baopin Village where our friend Gun lives, the brick building of a small textile factory is located. Early in the morning, when some of the villagers are moving out onto the fields, others are hurrying to the gates of the enterprise either on bicycles or on foot. Included in this crowd is one of Gun's neighbors — a young woman by the name of Lyu.

"Tell me Lyu, why did you become a textile worker?"

"There are six members in our family and only four are needed to work the plot. Thus I decided to master a new profession."

Thus one of China's most serious problems — the demographic problem — surfaced during the discussion. In any Chinese city or populated point, you will see large placards and appeals "One family — one child." However, despite the energetic campaign aimed at reducing the birth rate, 1.6 million more children than the number planned were born throughout the country last year. "The country's population exceeded 1,060,000,000 and there are 100 million inhabitants in Sichuan Province and 510,000 in our district, despite the fact that the district's land area is only 530 square kilometers" we were informed by the leadership of Guankhan District, "How is it possible to employ intelligently such a huge surplus of man-power? The solution — maximum development of local industry."

This program is being carried out in a consistent manner in Sichuan and in other provinces throughout the country. The following data was cited during the 13th Congress of the KPK [Communist Party of China]: since 1978, 80 million peasants have transferred over to the sphere of non-agricultural production and are now working mainly at numerous enterprises of "local importance" — small weaving factories and plants engaged in the production of construction materials and furniture, instruments and earthenware products or specializing in the processing and storage of agricultural products. "Waste product trades" are being encouraged: in this same Sichuan Province, for example, it is difficult to find a town which does not have its own builders and specialists in the production of bricks, tiles and concrete slabs. The authorities are providing amateur builders with loans for procuring light equipment and instruments. In some districts, the authorities are organizing "training brigades" for the peasants and at their own expense they are enlisting the services of specialist-teachers. And the result? Here are just a few figures: over a period of 7 years (1979-1986), 5.1 billion square meters of housing space were built in the rural regions and the average amount of dwelling space per peasant was increased by almost twofold.

[2 Dec 87 p 3]

During our visit to Sichuan, we stopped to dine in the small village of Khuayoay. We were attracted by a small but nevertheless expressive sign: "Restaurant. Reasonable and Tasty Food." Upon sighting the guests, the owner, an unpretentious young man wearing a white cook's jacket, approached the table. This was Se Guantsze, a barber by profession.

"A barber?"

"Yes, this was my specialty. But there were several barbers in the district whereas there was not one good restaurant. Thus I decided to invest my savings in a new undertaking."

"And what happened?"

"There are enough people in our village and the change was not offensive to me: there were enough diners such that I even had to hire two assistants."

Later, during visits to other towns and district centers, we became convinced that a considerable portion if not the principal bulk of the rural sphere of services is handled by enterprising people such as Se: tearooms, barber shops, workshops, stores and other relatively large trade enterprises, which operate as a rule on the basis of rental contracts. The economic reforms carried out throughout the country have eliminated the numerous instructional and restrictive directives and thus enterprising individuals are actively searching for areas in which they can apply their energies, knowledge and private resources in order to make a profit for themselves and also in behalf of the common good. This is making it possible to remove from the agenda the problem concerned with the quality of domestic and trade services while simultaneously arousing certain questions. For example, one such question: is it not possible that this same restaurant operator Se, after having accumulating some money, will open up a network of restaurants and be transformed into a capitalist-monopolist on a county, district or provincial scale?

"No, this does not alarm us" replied a leader of a district party committee, grinning as he did so, "And it is not simply a problem of nobody being authorized to hire more than seven individuals. The chief consideration here is the fact that the principal positions in the national economy are public ownership and the realization that the levers of power are firmly entrenched in the hands of the people's governments. Under these conditions, what possible threat can be posed by the private sector? Yet this sector is of great benefit in that it furnishes assistance in providing a better and more comfortable life for the people."

He was silent for a moment and then added: "An ancient Buddhist temple is located not far from here. It is known as the Temple of the Five Hundred Saints and its gates bear the handsome inscription "Riches." An ancient superstition holds that anyone who can approach the gates from a distance of 30 meters, with eyes closed and an arm extended, and touch the inscription will become a prosperous individual. Thousands of people visit the temple for the purpose of improving their situation in this manner and yet regardless of how many times they touch the inscription their lives never change. 7026

PRAVDA Criticizes Nakasone, Reserves Judgment on Takeshita

18070029a Moscow PRAVDA in Russian 13 Nov 87 p 5

[Report by PRAVDA'S own correspondent I. Latyshev: "After the Change in Leaders"]

[Text] Tokyo, 12 [Nov]—Yasuhiro Nakasone has completed his 5-year tenure of office. Noboru Takeshita, who will also head the Japanese Government, was elected president of the Liberal Democratic Party at a special congress

of the LDP. The change in leaders in Japan's conservative ruling circles indicates the beginning of a new stage in the policy of these circles, to all appearances.

In this connection, the statements made by certain Tokyo newspapers are attracting attention. They are trying to create the impression that the LDP's policy under Nakasone responded fully to the country's interests and furthered the consolidation of Japan's international position. Is this so?

There is no question that the political positions of the Liberal Democrats in parliament were reinforced considerably over the preceding period. The LDP's major victory in the 1986 parliamentary elections, which provided it with a firm majority in both chambers, led to enhanced prestige for its leader in the ruling circles. Nakasone's success with respect to the so-called administrative and financial reform also contributed to this. Despite the opposition of democratic forces, his government brought about the transfer of state railroads, the telephone and telegraph service, and certain other public enterprises to ownership by private companies, which led to dissension in the trade unions and generally weakened the Japanese workers movement. Both the financial magnates and the most right-wing political circles are now expressing particular esteem for Nakasone precisely for this "feat." As far as the parliamentary opposition parties and the broad circles of the Japanese progressive public are concerned, Nakasone's 5-year term is viewed as a discredited policy.

In particular, a number of laws on social problems were revised for the worse over the past 5 years under pressure from the LDP government. They included laws which affect pensions, life insurance, benefits for parents with large families, and medical services for the aged. Budget expenditures were reduced for education and assistance to small and medium-sized enterprises. But what was the cost of the Nakasone cabinet's attempt to force the bill to introduce a "sales tax," hated by the people and intended to saddle wide sections of the population with an additional indirect tax, through parliament this spring? Only an outburst of general mass indignation forced Nakasone to back out.

A drastic increase in prices for land as the result of speculative machinations by the monopolies was the sad result of the Nakasone cabinet's economic policy. This made it impossible to improve living conditions for millions of Japanese workers' families. Tribulations in the Japanese economy such as depression in a number of its leading sectors, a trend toward increased unemployment, and so forth have been linked with the government's policy of promoting Japan's overall involvement in the "Western camp." The past years have been

marked by unprecedented aggravation of the Japanese-American "trade war." While the United States' trade deficit with Japan was 14 billion dollars 5 years ago, it has reached 60 billion today. In his negotiations with Washington, with all his political resourcefulness, Nakasone was not able to stand up for the interests of Japanese companies which have been subjected to customs sanctions or the interests of Japanese producers of agricultural products who are suffering from American competition. To please the Americans, Nakasone joined in persecuting the Toshiba company, groundlessly accusing it of "betraying" certain "alliance interests."

Progressive circles refer to his efforts to revise democratic provisions in the country's constitution and attempts to impose the punitive "law on protection of state secrets," which is intended to give freedom of action to police authorities. The government's very first attempts in this direction met with a decisive rebuff from all opponents of the country's operation on fascist lines, including certain conservative circles with liberal sentiments. It is not without reason that Nakasone won the reputation in the Japanese communist press of being "the most reactionary prime minister of postwar Japan."

In the eyes of the peace-loving Japanese public, the activity of the Nakasone government has been linked with a policy of active militarization of the country. The scandalous and well-known thesis on turning Japan into an "unsinkable aircraft carrier" belongs to the former prime minister. At his initiative, the country's military expenditures rose by 36 percent over the 5 years; in the current fiscal year, they have exceeded 1 percent of the country's gross national product. Japan made a commitment to the Reagan administration to provide the United States with military technology, and after that it was enlisted to take part in developing the American "Star Wars" program. It is precisely Nakasone that bears responsibility for the current decline in the development of Soviet-Japanese relations, which has resulted from the premeditated exaggeration by the Japanese authorities of the "Toshiba affair" and other slanderous campaigns, designed to intimidate the Japanese with fabrications about the "Soviet military threat," and so forth.

The question arises: what can we expect from the new leadership of the Liberal Democratic Party? The recent statements by Noboru Takeshita, the new president of the LDP and Nakasone's successor as prime minister of Japan, have been made in the spirit of adherence to the old policy. Well, the future will show how this looks in practice.

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